



---

# ***Daily Report***

## **China**

FBIS-CHI-87-246  
Wednesday  
23 December 1987

# Daily Report China

FBIS-CHI-87-246

## CONTENTS

23 December 1987

### INTERNATIONAL AFFAIRS

#### General

Foreign Ministry Spokesman Holds Briefing .....	1
Comments on Afghanistan .....	1
Norway's Prime Minister To Visit .....	1
Changes in U.S., Soviet Policies Viewed [LIAOWANG OVERSEAS EDITION 21 Dec] .....	1
CHINA DAILY on European Defense Options [23 Dec] .....	4

#### United States & Canada

Development of 1987 Sino-U.S. Trade Viewed .....	5
Reagan Urges ROK Opponents To Accept Election .....	6

#### Soviet Union

Rogachev 'Optimistic' About PRC Summit [AFP] .....	6
Further from Rogachev [KYODO] .....	6
Gorbachev Says Gulf Situation 'Worsening' .....	7

#### Northeast Asia

China Reaffirms No Relations With ROK [AFP] .....	7
Toshiba Company Urged To Fulfill Contracts .....	7
Firms File for Compensation .....	8
Return of Fishermen Held by Japan 'Demanded' [AFP] .....	8
PRC, Mongolia Sign Goods, Payment Protocol .....	9

#### Southeast Asia & Pacific

Further Reportage on Wan Li in Thailand .....	9
Wan Li Speaks at Banquet [Bangkok ZHONG HUA RIBAO 20 Dec] .....	9
Meets With Thai King [RENMIN RIBAO 22 Dec] .....	10

#### Near East & South Asia

Sudanese Prime Minister's Visit Continues .....	10
Talks With Li Peng .....	10
Meets Li Xiannian .....	11
Meets Zhao Ziyang .....	11
Wu Meets Sudan's Sanadah .....	11

#### West Europe

XINHUA Rounds Up European INF Views .....	12
Tianjin's Li Ruihuan Meets French Visitors [TIANJIN RIBAO 5 Dec] .....	13

### NATIONAL AFFAIRS

'Alliance of Democracy' Member Deported .....	14
Further From AFP .....	14
Murderer of Beijing Student Sentenced to Die .....	15
CPC Urges End to 'Unhealthy Tendencies' .....	15

Zhao Ziyang Presides at Party Style Forum .....	16
Deng Xiaoping Reiterates Retirement Plans [ <i>Hong Kong KUANG CHIAO CHING 16 Dec</i> ] .....	17
Commentator on Approach To Election Losses [ <i>RENMIN RIBAO 10 Dec</i> ] .....	21
HONGQI on Socialist Structural Reform [ <i>1 Dec</i> ] .....	22
Reform of Central Party School Planned .....	24
Tian Jiyun at Forum on Letters, Visits .....	25
Gu Mu Attends Hotel Association Inauguration .....	25
'Huge Illegal Loan Scheme' Broken Up [ <i>AFP</i> ] .....	26
Company's Internationalization Approved .....	26
Economist Emphasizes Macroeconomic Efficiency [ <i>Hong Kong MING PAO 10 Dec</i> ] .....	26
Paper Cited on Loans for Export Projects .....	27
Tax, Price Inspection Yields Good Results .....	27
Oil Industry Plans to Increase Production [ <i>CHINA DAILY 23 Dec</i> ] .....	28

## REGIONAL AFFAIRS

### East Region

Anhui Secretary on Party Style Rectification .....	29
Wang Guangyu Attends Anhui People Congress .....	29
Fujian Party Committee Work Conference Ends .....	30
Jiangsu Leaders Speak at Army Meeting .....	30
Shandong's Liang Commends Opera Troupe .....	30
Shandong Holds Rally To Commend Athletes .....	31

### Central-South Region

Guangxi Leaders Attend Forum on Education .....	31
Hubei Secretary Denounces Corruption in Party .....	32
Hubei Secretary Attends Preparatory Meeting .....	32

### Southwest Region

Guizhou's Hu at Meeting on National Games .....	32
Wu Jinghua Attends Xizang CPC Meeting .....	33

### North Region

Beijing Party Committee Closes 4 Departments .....	34
Tianjin Marks 3rd Year of Economic Zone [ <i>TIANJIN RIBAO 7 Dec</i> ] .....	34

### Northeast Region

Heilongjiang's Sun at Armed Forces Meeting .....	35
Heilongjiang To Hold Congress in May 1988 .....	35
Heilongjiang Enlarged CPC Plenum Ends 21 Dec .....	35

### Northwest Region

Rally Held in Shaanxi To Commend Athletes .....	36
---	----

## TAIWAN

KMT Said Planning 'Major Political Reform' [ <i>AFP</i> ] .....	37
PRC Defector Receives US\$2.87 Million [ <i>AFP</i> ] .....	37
Vice President on PRC's United Front Tactics .....	38
Foreign Minister on Unchanged Ties With ROK .....	38

## HONG KONG & MACAO

### Hong Kong

Banks Move To Safeguard U.S. Dollar Link	
<i>[SOUTH CHINA SUNDAY MORNING POST 20 Dec]</i> .....	39
Finance Secretary Says Dollar Link 'Final' <i>[SOUTH CHINA MORNING POST 21 Dec]</i> .....	40
Li Hou on PRC Stance on 1991 Direct Polls <i>[SOUTH CHINA MORNING POST 19 Dec]</i> .....	41



## General

### Foreign Ministry Spokesman Holds Briefing

#### Comments on Afghanistan

OW231124 Beijing XINHUA in English  
1030 GMT 23 Dec 87

[Text] Beijing, December 23 (XINHUA)—As long as the Soviet Union troops remain in Afghanistan, China will, along with other members of the international community, continue its firm support for the Afghan people in their just struggle against foreign aggression, and will be ready to make sustained efforts towards a fair and reasonable political settlement of the Afghan question.

A Foreign Ministry spokesman made this statement in response to a question requesting the Chinese Government's comments on the eighth anniversary of the Soviet invasion of Afghanistan at the weekly news briefing here today.

"We've taken note that the Soviet Union has repeatedly expressed its determination to withdraw its troops from Afghanistan. The problem is that more has been said than done, and what people stress is practical action," the spokesman said.

#### Norway's Prime Minister To Visit

OW230922 Beijing XINHUA in English  
0906 GMT 23 Dec 87

[Text] Beijing, December 23 (XINHUA)—Prime Minister Gro Harlem Brundtland of the Government of the Kingdom of Norway will pay an official visit to China from January 18 to 24, 1988 at the invitation of the Chinese Government, a Foreign Ministry spokesman announced at the weekly news briefing here this afternoon.

#### Changes in U.S., Soviet Policies Viewed

HK230921 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 51, 21 Dec 87 pp 25-26

["Special dispatch" from Washington by "special correspondents" Peng Di (1756 6611) and Qian Xing (6929 5887): "Have There Been Changes in U.S. and Soviet Policies?—Some Observations of the Summit Meeting"]

[Text] Although the U.S.-Soviet Washington summit ended many days ago, specialists and scholars in various countries are still talking about its outcome and significance, and their opinions vary on evaluation of the summit. One focus of the controversy is what changes this summit has seen in the policies of the two countries.

As these correspondents see it in Washington, the United States and the Soviet Union, especially the latter, have behaved in a remarkably different manner this time as compared with the past.

### 'Gorbachev Fever' Overwhelms Washington [subhead]

The Soviet side assumed the offensive from the very beginning. General Secretary Gorbachev appeared in a U.S. television interview before he arrived in Washington. His eloquence and charm soon conquered the U.S. audience. Then, as soon as he arrived in Washington, he became the focus of attention in the U.S. political arena. He made use of every occasion to publicize his ideas, emphasizing that he would not only introduce "restructuring" and the concept of "glasnost" in his home country, but would also promote "new ways of thinking" and "new relations" in the world.

Apart from holding talks with President Reagan, attending state banquets, lunch meetings, and other official ceremonies planned for the state visit, and delivering speeches on different occasions, the 56-year old top leader of the CPSU also carried out propaganda again and again among U.S. congressmen, notable figures in political circles, scholars, prominent businessmen, and leading journalists and publishers.

Gorbachev has shown two conspicuous characteristics in his style. First, he has inherited a long Soviet tradition—being adept at delivering long speeches and making himself the center of attention while speaking. This was particularly obvious during his meeting with politicians and notable figures at the Soviet Embassy. Present at the reception were former U.S. Secretaries of State Kissinger and Vance, former U.S. Secretary of Defense and former President of the World Bank McNamara, well-known economist Professor Galbraith, well-known evangelist Billy Graham, and so on, all of whom are eloquent speakers. Gorbachev first talked about international relations for several dozen minutes. Then he suddenly paused to apologize for his lengthy speech. The audience thought he was about to round his speech off; however, he shifted to another topic, to talk about the reform going on in the Soviet Union. So it took another half hour or so before his lengthy political report on both the international and domestic situation was wound up. During the news conference held before he left for home, Gorbachev spent more than 70 minutes on a preliminary briefing, mostly on old topics. So the time left for reporters to raise questions was naturally rather limited.

Another characteristics of Gorbachev's style is that he has broken through certain old traditions. Except for a few important official speeches where he just read prepared texts, he usually spoke impromptu. In conversations with various people on different occasions, he has always shown perfect skill in giving quick, sharp, and frank responses.

Someone asked him whether the removal of Yeltsin from his post as Moscow party committee secretary was in keeping with the reform policy. Gorbachev said: "We resolutely oppose conservatism, but we cannot pursue

adventurism either. The removal of Yeltsin from office is a normal event for any democratic state. Isn't it true that the Reagan administration recently has dismissed quite a few secretaries?"

A reporter asked Gorbachev: Why do you present yourself everywhere so often, and why are you so much in the limelight? Gorbachev told him: "You have exaggerated, indeed. If you look at me carefully, you will find that I am not outstanding. I am merely an ordinary man."

Someone questioned him about the human rights issue in the Soviet Union. He imitated a U.S. immigration officer shooting illegal immigrants sneaking in from Mexico, and then asked in reply: "Then what are you Americans doing along the U.S.-Mexican border ...?"

On the whole, Gorbachev has presented himself during his American trip as an open, capable, and experienced politician. American Congressman Tony Coelho's comment on Gorbachev was: Like all our American congressmen, Gorbachev is also a "political animal."

Of course, Gorbachev was the man in the limelight during his stay in Washington. It was said that there was "Gorbachev fever" in Washington.

Apart from Gorbachev, many among the more than 160 members of the Soviet delegation and the more than 170 Soviet reporters accompanying him on his trip also made use of various occasions to publicize the Soviet Union's policies. In the large ballroom of the Marriot Hotel, which was temporarily turned into a news conference room, one could always meet some Russian speakers.

What is relatively conspicuous is that the spokesmen for the Soviet delegation acted very differently this time. In the past, at news conferences jointly held by the two countries, veteran Soviet spokesman Zamyatin often put on a rival show with the U.S. spokesman and sometimes even talked back and rushed to speak. At this news conference, however, Soviet spokesman Gennadiy Gerasimov and U.S. spokesman Marlin Fitzwater cooperated very well, coordinating with each other as if by tacit agreement. Sometimes they looked exactly like two comic performers.

When they first appeared, Gerasimov said jokingly to Fitzwater: You answer the English questions and I will answer the Russian ones. (He clearly knew that nobody would ask questions in Russian on this occasion.) Fitzwater replied: You take the difficult questions and I will take the easy ones. Each time, Gerasimov always let the U.S. spokesman speak first. He replied, briefly and mildly, only when necessary or when he was specifically asked by reporters.

What merits attention is that, in his talks on official occasions, Gorbachev seldom talked about the differences between the two countries. When he did talk about them, he always mentioned them lightly. He did his

utmost to avoid contradictions, trying to seek common ground among differences. Only when he was called to account did he give a retort.

In keeping with this spirit of Gorbachev's, the Soviet negotiating team indeed made concessions on questions ranging from negotiating the signing of the intermediate nuclear forces [INF] treaty to reducing strategic weapons. A major difference in the talks was the U.S. insistence on carrying out the strategic defense program. It was for this reason that the Iceland meeting had broken up in discord. It was still a major obstacle at the current Washington meeting, but a solution had been found before the meeting ended. The solution was, in fact, to shelve the difference for the time being, lest the high-level dialogue should fail again.

#### President Reagan Is Firm But Gentle [subhead]

The United States did much for the summit meeting. From the reception protocol to traffic and security, everything was more ceremonious and satisfactory than the usual reception of visiting state guests. The Soviet delegation stayed at the famous Madison Hotel on 16th Street, close to the Soviet Embassy, which is also situated on 16th Street. The entire area was closely guarded by security guards and often closed to traffic.

The United States also made meticulous arrangements for the 7,000 American and foreign journalists covering the meeting. The halls of the Marriott Hotel and the Department of Trade were turned into working rooms for reporters. Large-scale news conferences and background briefings were held at the Marriott Hotel. Written materials, such as the texts of speeches by the two national leaders and of the talks, as well as questions and answers at the briefings, were promptly distributed after the meetings. In each hall there were about 400-500 seats fitted with outside [telephone] lines, which could be used by the reporters free of charge. The biggest defect was that, due to hall capacity and security considerations, only a very small number of reporters—chiefly U.S. and Soviet reporters—were given the opportunity to cover the activities of the leaders directly. The great majority of the reporters could only watch television in the working rooms, listen to briefings, or interview one another. Once, when the U.S. and Soviet spokesmen suddenly announced that Gorbachev's news conference would be held at the Soviet Embassy instead of the reporters' working room, and that only 100-odd reporters would be allowed to go there to cover the event, all the reporters burst into an uproar. Many reporters who could not get to the Soviet Embassy loudly questioned the Soviet spokesman: "Where is the glasnost?"

What is most important is naturally the question of political reception. Even President Reagan thought hard on this, and his practice was somewhat different from that of Gorbachev.

Both in internal negotiations and in public speeches, Reagan stressed the deep differences between the two countries, always dwelling on the Soviet human rights issue and Soviet troop withdrawal from Afghanistan. This was aimed first at exerting pressure on the other party, and, second, at indicating to the public that his tough, conservative stand had not changed. To win the continued support of the conservative forces which had brought him into power, rather than having them counteracting his efforts, it was perhaps quite necessary to do so.

However, while showing his tough stand, Reagan also paid attention to methods and proper limits. He no longer uttered offensive remarks about the Soviet Union, such as calling it an "evil empire." On the contrary, he said many pleasant words about the Soviet people. He was more polite to Gorbachev, to the point of hinting that the Afghan issue was not Gorbachev's responsibility. He also said: Unlike previous Soviet leaders, Gorbachev is the first Soviet leader who no longer stresses the "unification of the world by communist countries." In doing so, he clearly hoped that the treaty he signed with Gorbachev would be extensively supported by the American public. He particularly hoped that congressmen would not make things so difficult for him or create so many difficulties that the INF treaty could not be quickly ratified. Judging from the reactions so far, Reagan's action was understandable and acceptable to the mainstream of the U.S. ruling strata. Only a few representatives of the ultraright were dissatisfied. (Howard Philips), a key figure among Republican conservatives, abused Reagan, saying that he "has become a fool, publicizing—and in the service of—the Kremlin."

In the eyes of the ultraright elements, Reagan seemed to have greatly changed. This, of course, does not conform to the facts. But it is a bit too arbitrary to say that he has not changed at all. Viewed from this summit meeting, the United States and the Soviet Union have done something new. Although their manifestations were not quite the same, their purposes were identical. They both wanted to make the meeting a success, to strive to reduce confrontation, to reach agreement, and to win public support in both countries.

**Being Well-Matched, It Is Difficult for Both Countries To Either Go to War or To Be at Peace [subhead]**

The nature of these changes is still being observed and studied. They do not seem to be makeshift measures, nor are they purely tactical changes. There are indeed certain factors drawing the two countries together. First, military science and technology have developed independently of man's will, and when the stockpile of nuclear weapons has increased to a certain extent, it makes the superpowers feel insecure. On this occasion, the U.S. and Soviet leaders reaffirmed that there should never be a nuclear war and that there would be no victor in a nuclear war. This is the very practical common language of both countries at present. Avoiding nuclear conflict,

controlling nuclear arms, and reducing nuclear weapons in a limited way has become a matter of common concern to them. Second, since both the United States and the Soviet Union are facing economic difficulties and political problems, it is imperative for them to reduce military expenditure and armaments. However, it is necessary for both parties to reduce them, for unilateral reduction is unworkable. Third, the leaders of the two countries want to leave a legacy of their merits and achievements, and this is just the moment to do so. When they signed the INF treaty, both announced in unison: "We have created history," and what we have achieved "will serve as a milestone in history."

However, this is only one aspect of things. On the other hand, having been sharply antagonistic for a long time, the fundamental differences and contradictions of interests between the two superpowers are very deep. Even at the summit meeting, where the atmosphere was relatively placid, both parties still engaged in fairly acute contention as soon as they touched on substantive issues. The two leaders admitted that talks on reducing strategic weapons would be much more difficult than the intermediate-range missiles issue. The text of the treaty probably cannot be completed before the Moscow summit scheduled for the first half of next year. The strategic defense issue, which has been shelved for the time being, will probably end up with no definite agreement. There will be even less common language on other issues.

When talking about human rights issues, the United States always assumes a pompous air, as if it is the only country stressing humanism and democracy. It is apt to impose American values and legal standards on other people.

The Soviet Union still speaks plausibly and at length about the Afghan issue, as if it is reasonable to invade other countries. It also says that there will be a "vacuum" as soon as the Soviet troops are withdrawn and that it is necessary to bring together a relatively satisfactory regime to fill the "vacuum."

The two parties cannot see eye to eye on these issues, and the antagonism still remains. The U.S. President is relatively frank. As soon as Gorbachev arrived, he pointed out in his welcoming address: This is not a meeting between allies but between opponents. Such being the case, how can they turn from enemies into friends overnight?

But the peoples of all countries have the right to demand that the United States and the Soviet Union should make continued efforts; adopt a responsible attitude toward issues involving international safety; reach agreements favorable to peace; and drastically reduce and even completely destroy nuclear weapons. But people will also be mentally prepared: Because the superpowers cannot easily change their natures, it is perhaps difficult for the two countries to quickly attain genuine reconciliation and to stop the arms race.



**CHINA DAILY on European Defense Options**  
*HK230534 Beijing CHINA DAILY in English*  
23 Dec 87 p 4

[By Wang Gangyi]

[Text] As the world-wide fanfare over the signing of the treaty between the United States and the Soviet Union on eliminating medium and shorter-range nuclear missiles fades, Western European countries have started to take more steps to bolster their military co-operation.

On a bilateral level, Britain and France made a political decision last week to jointly develop an air-launched nuclear cruise missile and to explore future areas of nuclear weapons co-operation.

The move could be taken as the latest signal to the world that the two countries are determined to maintain and update their own nuclear armaments, which they believe, constitute an indispensable part of a deterrent to any threat to Europe.

The fact that the decision came less than a week after the summit meeting between Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan also reflects Western Europe's ambivalent attitude towards the U.S.-Soviet treaty.

Western political leaders expressed their support for the treaty, but it has been carefully measured and many of them have confessed a fear that the treaty could damage the security of Western Europe.

Over a generation, they have accepted that the deployment of American nuclear missiles in the region was essential to counter-balance Soviet conventional superiority.

Now with the pledged elimination of U.S. medium and shorter-range missiles in Western Europe, the fear the [as published] INF deal might lead to complete denuclearization later on and that the Soviet Union might extract a political advantage from its superiority in conventional forces.

According to John Galvin, the NATO commander, what has stopped war from occurring in Western Europe for the last 40 years has been the terrible menace of nuclear weapons. "We want a war-free Western Europe, which may not necessarily mean a nuclear-free Western Europe," he said.

Prior to the signing of the INF treaty, NATO Secretary General Lord Carrington also warned that the West "should not let any euphoria it engenders push us toward some mythical nuclear nirvana."

When British and French defence ministers made their nuclear co-operation pact in London, they certainly had a similar worry in mind.

In the eyes of many Western European leaders, the INF treaty has also triggered a crisis of confidence between the United States and its European allies.

Coupled with rising appeals inside the United States for its government to dissociate from Europe and the recent cut in the U.S. military budget, the treaty has increased concerns that the United States will sooner or later reduce or even forsake its commitments to the defence of Western Europe.

For the first time in the history of NATO since it was founded in 1949, the Western Europeans see a real possibility that the defences of the two sides of the Atlantic will be "decoupled."

This anxiety is so strong that it prompted Reagan to reiterate publicly several times during the past week that the United States would not make further reductions in nuclear weapons in Europe until the imbalance in conventional and chemical weapons between NATO and the Warsaw Pact is addressed.

But the U.S. guarantees have so far failed to placate its NATO allies, who have been bracing themselves for a reduced U.S. presence.

Last October, the seven member countries of the Western European Union (WEU) called for a mixture of conventional and nuclear weapons to assure European security, at the end of a two-day ministerial meeting in the Hague.

One month earlier, France and West Germany decided to form a defence council when French President Francois Mitterrand, accompanied by West German Chancellor Helmut Kohl, inspected troops taking part in historic Franco-West German joint military manoeuvres in Bavaria.

Observers believe the decision showed the two countries' determination to strengthen military co-operation between the two as well as with other Western European countries.

At the same time, it has also been reported that France has been holding discussions with Italy and Spain during the last few months on Mediterranean defence issues.

However, it will be no easy job for a multi-national Western Europe to form a unified military defence. The formation of such a defence requires sovereignty concessions which governments in the region may find it hard to accept.

Widespread anti-armament sentiment on the continent will make it politically unacceptable and risky for Western European countries to boost their defence capabilities.

As a matter of fact, the number of people who want to join the armed forces has been decreasing steadily and no Western European government has increased its defence budget at an annual rate of 3 percent during the past nine years as promised.

Confronted with these tangled problems, Western Europe has been most active in urging sharp reductions in conventional weapons by the Warsaw Pact countries.

Various proposals are now under consideration. A consensus has to be reached among Western European countries before they meet representatives from the Warsaw Pact at the negotiating table some time next year.

But again, the path towards a final agreement in conventional disarmament is surely going to be a long and bumpy one.

### United States & Canada

**Development of 1987 Sino-U.S. Trade Viewed**  
*HK230123 Hong Kong ZHONGGUO XINWEN SHE*  
*in Chinese 0658 GMT 21 Dec 87*

[News Roundup: "Sino-U.S. Trade Develops Remarkably in 1987"]

[Text] Washington, 21 Dec (ZHONGGUO XINWEN SHE)—An unprecedentedly large number of trade exhibitions and trade talks between China and the United States was held in 1987. At least one trade exhibition or trade talk has been held in the United States each month by a Chinese trade delegation sent by a certain province or city of China. Sometimes, trade delegations from three provinces or cities of China hold simultaneous trade exhibitions in the same exhibition hall here in the United States, and these exhibitions often achieve gratifying results. This year, the volume of China's exports to the United States has increased greatly compared with last year. Sino-U.S. trade has also developed remarkably.

At the beginning of this year, the huge China Trade Center in New York built a new and well-equipped exhibition hall in the commercial district of New York City in order to enable the various foreign trade departments and units of the various provinces and cities of China to hold their trade exhibitions and trade fairs in New York. Since the opening of the new exhibition hall, numerous trade exhibitions and trade fairs have been held in it. Sponsors of those trade exhibitions and trade fairs include Tianjin City, Liaoning Province, Hebei Province, Hunan Province, Guangxi Zhuang Autonomous Region, and Jiangsu Province. The volume of business of those trade exhibitions and trade fairs has exceeded original estimates. Generally speaking, the volume of business of those trade exhibitions and trade fairs has ranged from \$35 million to \$50 million. Jiangsu Province has achieved outstanding results by getting \$96 million of business volume, which is several times higher

than its originally estimate. The records of the newly opened exhibition hall show that the total business volume accomplished in it this year was \$0.30702 billion. Admissions to the trade exhibitions and trade fairs totalled 16,960, with some guests coming from Europe, Japan, and other parts of the world.

Trade exhibitions and trade fairs held by the Chinese trade delegations in other parts of the United States have also scored excellent results and have also accomplished business volumes higher than their originally estimates. It is believed that more foreign trade units in China will send their delegations to the United States to promote their commodities next year. So far, five provinces and cities of China have already booked places in the new exhibition hall of the China Trade Center in order to hold their trade exhibitions and trade fairs next year.

Despite the shadow of "protectionism," Sino-U.S. trade volume has been increasing year after year. According to China's Customhouse statistics, by the end of the third quarter of this year, the total volume of China's commodity exports to the United States had reached \$ 2.188 billion, an increase of 18.94 percent over the corresponding period of last year, which was \$ 1.83 billion. Last year, the annual total volume of China's commodity exports to the United States was \$2.622 billion. The present situation shows that this year's total volume of commodity exports to the United States will certainly exceed that of last year.

However, according to the statistics of China's Customhouse, by the end of the third quarter of this year, the volume of China's imports from the United States was \$ 2.88 billion, a drop of 19.32 percent compared with the volume of the corresponding period last year, which was \$ 3.56 billion. Despite this, China is still suffering a big deficit in Sino-U.S. trade. The advocates of "protectionism" in the United States have frequently charged that the growing volume of China's exports to the United States has contributed to the U.S. trade deficit. These people have also tried to impose restrictions on imports from China. Such a charge is very unfair, because the volume of U.S. exports to China is still bigger than the volume of China's exports to the United States.

At present, the number of commodities exported by China to the United States only accounts for 0.6 percent U.S. imports. The United States is a big market that has a great potential. Will the long-standing U.S. trade deficit and the impact of the October plunge of the U.S. stock market affect Sino-U.S. trade next year? People in U.S. trade circles here in Washington believe that as long as the present economic situation of the United States does not change greatly, Sino-U.S. trade will certainly experience further and steady development next year. The U.S. market will certainly absorb more products from China. Yue Jixian, a veteran expert on Sino-U.S. trade and the director and president of the China Trade Center, points out that there is indeed a potential economic crisis in the United States. If the value of the U.S.

dollar continues to drop and the U.S. economy becomes worse, Sino-U.S. trade might meet with new difficulties. However, Yue Jixian believes that it is unlikely that Sino-U.S. trade will be affected in the first half of next year.

**Reagan Urges ROK Opponents To Accept Election**  
*OW211055 Beijing XINHUA in English*  
1547 GMT 20 Dec 87

[Text] Washington, December 19 (XINHUA)—U.S. President Ronald Reagan on Saturday expressed support for South Korean President-elect No Tae-u and urged the opposition to accept the election for political stability in the region.

He said he was looking forward to "continuing cooperation in security and trade and competing in next September's Olympics in Seoul."

The opposition parties—the Reunification Democratic Party led by Kim Yong-sam and the Party for Peace and Democracy headed by Kim Tae-chung—have charged No with voting fraud.

President Reagan said in his speech, "The essence of democracy is the willingness to accept the results and perhaps to try again at the next election." He also expressed his welcome to No's call for reconciliation.

In a letter to No on Friday, President Reagan sent his personal congratulations to him.

**Soviet Union**

**Rogachev 'Optimistic' About PRC Summit**  
*HK221330 Hong Kong AFP in English*  
1326 GMT 22 Dec 87

[Text] Beijing, Dec 22 (AFP)—The Soviet Union has rejected China's preconditions for a meeting between Soviet and Chinese leaders but is optimistic that a summit can be held, Soviet Deputy Foreign Minister Igor Rogachev said Tuesday.

"We didn't agree to any precondition," Mr Rogachev told a news conference at the Soviet Embassy in Beijing. "We are optimists and we think that such a meeting between Soviet and Chinese leaders will eventually take place."

Senior Chinese leader Deng Xiaoping said last year that Moscow would have to exert pressure on Vietnam to withdraw an estimated 140,000 troops from Cambodia before a meeting with Soviet leader Mikhail Gorbachev took place. Mr Deng repeated that demand last month.

Mr Rogachev said the first meeting in December between Cambodian resistance leader Prince Norodom Sihanouk and Prime Minister Hun Sen of the Hanoi-backed government in Phnom Penh "was a substantial step forward along the way of searching ways for a political solution for the Kampuchean question."

He indicated that the Cambodian conflict had been included in his talks with Chinese officials.

Mr Rogachev, who arrived in Beijing Monday, said the two countries would resume border talks on January 20 in Moscow. "We have reached an agreement with the Chinese side that the working group will start concrete discussion of the border line between the two countries on January the 20th," he said.

The two sides, which began negotiations for Sino-Soviet normalization in 1982, last year resumed border talks that had been interrupted since 1979.

Mr Rogachev said he was in Beijing to brief Chinese Foreign Minister Wu Xueqian and Deputy Foreign Minister Qian Qichen on the results of the U.S.-Soviet summit and the December 8 signing of the INF treaty on the elimination of intermediate nuclear forces.

A 1985 agreement to exchange visits between Chinese and Soviet foreign ministers was still valid but no dates have been set, Mr Rogachev said.

**Further From Rogachev**

*OW230110 Tokyo KYODO in English*  
0056 GMT 23 Dec 87

[Excerpts] Beijing, Dec. 23 KYODO—Visiting Soviet Deputy Foreign Minister Igor Rogachev said here Tuesday he was optimistic about a possible summit between senior Chinese leader Deng Xiaoping and Soviet leader Mikhail Gorbachev.

Speaking at a press conference at the Soviet Embassy here, Rogachev said the Deng-Gorbachev summit was not discussed in his talks with Chinese officials. But Rogachev said "we are optimistic and we think such a meeting ... eventually will take place." [passage omitted]

The Chinese officials said that, under a precondition that the Soviet Union and the United States reduce their strategic nuclear weapons by 50 percent, all countries having nuclear arms, including China, should hold an international conference for the purpose of abolition of all nuclear weapons, according to Rogachev.

Before coming to Beijing, Rogachev visited North Korea, apparently to brief Pyongyang leaders about the Washington summit.

He is to leave for Ulaanbaatar, the capital of Mongolia, Wednesday.



**Gorbachev Says Gulf Situation 'Worsening'**  
*OW230140 Beijing XINHUA in English*  
0038 GMT 23 Dec 87

["Gorbachev Doubts if Embargo on Arms to Iran Will Be Observed"—XINHUA headline]

[Text] Moscow, December 22 (XINHUA)—Soviet leader Mikhail Gorbachev expressed doubt today that a U.N. resolution placing an embargo on arms shipments to Iran will be observed.

Meeting with Jordan's King Husayn, Gorbachev said his country is not against the U.N. Security Council's resolution on the embargo on arms to Iran if Iran continues refusing to comply with the Security Council's Resolution 598, which demands a ceasefire between Iran and Iraq.

However, Gorbachev said, "there are doubts that those who declare for embargo the loudest, and who, by the way, were caught at secretly supplying arms to Iran, will be observing the embargo."

Gorbachev's remarks apparently referred to the United States and some other countries in the West, foreign observers here said.

The official Soviet news agency TASS quoted Gorbachev as saying that "the Soviet Union does not supply arms to Iran."

The Soviet leader said the Soviet Union favors an early end to the war between Iran and Iraq, but added that "a great deal will depend in this on the warring sides themselves, on their readiness to carry the matters to genuine settlement on the basis of reasonable compromise."

Touching on the situation in the Gulf, Gorbachev said it "continues worsening, and threatens to develop into a serious international crisis."

He reaffirmed the Soviet proposal to establish U.N. naval forces in the Gulf to improve the situation in the region.

"But we are also open to a serious discussion of any other constructive ideas," Gorbachev said. "We call on our partners in the West to ponder jointly and interact on this question."

**Northeast Asia**

**China Reaffirms No Relations With ROK**  
*HK231128 Hong Kong AFP in English*  
1102 GMT 23 Dec 87

[Text] Beijing, Dec 23 (AFP)—China has reaffirmed no diplomatic relations with South Korea following a report in a Japanese newspaper Wednesday that South Korean president-elect No Tae-u wishes to improve ties with Beijing.

"China has no bilateral relations with South Korea. This position of the Chinese government has been consistent," a spokesman from China's Ministry of Foreign Affairs said over the telephone.

Mr No, the ruling-party victor in the December 16 election, had told the Tokyo daily ASAHI SHIMBUN that he would give top priority to establishing diplomatic ties with China after he takes office in February.

"China and South Korea have no diplomatic ties. But the two countries have already started interchanges in economic, sports and cultural fields," Mr No had said.

He added that he hoped to encourage North Korea's participation in the 1988 Seoul Olympic Games. North Korea has threatened to boycott the games if its demands to co-host the games are not met.

Western diplomats predict that China will almost definitely participate in the 1988 Seoul Olympic Games.

**Toshiba Company Urged To Fulfill Contracts**  
*OW221450 Beijing Television Service in Mandarin*  
1100 GMT 21 Dec 87

[Text] According to a report carried by ZHONGGUO JIXIE BAO [CHINA MACHINERY NEWS], eight of the nine contracts signed by the China National Machinery Import and Export Corporation with the Toshiba Machinery Company in Japan to import processing machinery into China have not been fulfilled on time or are on the verge of annulment due to the Toshiba incident. The total amount of the eight contracts is 745.14 million yen, and six of the eight contracts are already due. Machinery for four of the six contracts has not arrived yet. Machinery for the remaining two contracts has arrived in China. However, it has not been installed or test run as of now, because the Japanese Government has prevented the Toshiba engineers from coming to China.

Thus, Toshiba is unable to fulfill the contracts on schedule, creating tremendous losses for the factories in China. In this connection, the ZHONGGUO JIXIE BAO carries a commentary. It points out: Contract fulfillment constitutes the basic principle in carrying out international trade. He who breaches a contract and thus inflicts



economic losses on the other side must be held responsible for compensating for such losses. Otherwise, what kind of binding force does a contract have? What is necessary to maintain proper order in developing foreign trade? We hope that the Japanese Government will take the whole situation into consideration, fulfill the contracts, compensate for the economic losses to China, and help maintain a sound economic and trade relationship between China and Japan.

#### **Firms File for Compensation**

OW230946 Beijing XINHUA in English  
0912 GMT 23 Dec 87

[Text] Beijing, December 23 (XINHUA)—Chinese trading firms which suffered losses because of breach of contract following the Toshiba case have filed demands for compensation, sources told XINHUA today.

The China National Machinery and Equipment Import and Export Co. (CNMEIEC) had 745 million yen-worth of contracts signed with the Toshiba Machine that could not proceed on schedule due to the Japanese ban on certain Toshiba exports to China, officials from the corporation said.

According to the officials, Toshiba failed to implement six of the nine export contracts while another two face the same fate next March due to lack of acceptable solutions from the Japanese Government.

The officials cited a machinery plant which imported a processing center from Toshiba in March this year. However Toshiba failed to provide technicians for the assembly in keeping with the contract.

The center is costing the plant 80,000 yuan in profits each day and almost 10 million yuan in bank credit, stranding the plant in deep financial trouble, officials said.

Disagreeing with the Japanese decision to postpone the contracts or offer substitutes, the corporation has demanded immediate implementation of contracts or compensation through diplomatic channels since the Japanese Government will not allow Toshiba to negotiate with the corporation directly.

The Toshiba case refers to a punitive ruling by the Paris-based Co-ordinating Committee for Export to Communist Countries (COCOM) triggered by Toshiba's sale of some sensitive technology to the Soviet Union, which reportedly improved Soviet submarines and posed a danger to the NATO nations.

Following the ruling, the Japanese Government issued a ban last May on the export of Toshiba products to 14 "Communist countries" including the Soviet Union, East European nations and China.

This ruling prevented the implementation of contracts signed between China and Toshiba. The contracts, with a total value of 2.4 billion yen, cover imports of Toshiba equipment for civil projects.

After the Toshiba case, the Japanese Government further tightened its technology and equipment exports, endangering contracts signed between China and other Japanese companies involving a total of 800 million U.S. dollars.

Officials from China's Ministry of Foreign Economic Relations and Trade said that although the Toshiba case was caused by its sale of equipment to the Soviet Union, China became the hardest-hit for most of the affected contracts were signed with Chinese firms.

Another victim, the China National Machinery Import and Export Co., suffered a breach of five contracts worth 3.9 million U.S. dollars after the Toshiba case. Another 18 import contracts, worth five million U.S. dollars, made with other Japanese companies were also affected by this case, officials from the corporation said.

The repercussions can be felt in dozens of other Chinese firms as deadlines for contract implementation draw near, and trade officials have repeatedly urged the Japanese Government to approve and implement within the year all the contracts signed with Toshiba.

Analysts here say that this problem, if unsolved, could cast a gloomy shadow over hopes for expansion of Sino-Japanese trade in the next few years.

According to a survey by Japan's Nomura securities earlier this year, 57 percent of Japanese firms want to enter the Chinese market, more than those who wish to expand trade with the United States and Southeast Asia.

#### **Return of Fishermen Held by Japan 'Demanded'**

HK221312 Hong Kong AFP in English  
1254 GMT 22 Dec 87

[Text] Beijing, Dec 22 (AFP)—China's Foreign Ministry demanded Tuesday the return of several fishermen and two boats seized by Japanese coastguards Friday for illegally entering Japanese waters.

The two boats, with a capacity of 230 tons each, entered Japanese waters near Tsushima in the south "by mistake," a Foreign Ministry spokesman said. Similar incidents had taken place in the past with Japanese fishing boats being seized in Chinese waters, the spokesman added.

"All these matters have been properly settled by the two sides through consultations. It is hoped that this time the Japanese side will return the fishermen and the vessels to China as soon as possible," he said.

Three of the fishermen, including two captains—Wang Qianjing, 41, and Huang Chaojing, 33—were arrested after being questioned by the Japanese Maritime Safety Agency in the first such incident involving Chinese boats.

The incident took place when the two boats found themselves about 20 kilometres (12.4 miles) from the island of Tsushima.

**PRC, Mongolia Sign Goods, Payment Protocol**  
*OW230828 Beijing XINHUA in English*  
0723 GMT 23 Dec 87

[Text] Beijing, December 23 (XINHUA)—A protocol between the governments of China and Mongolia on the mutual supply of goods and payment for 1988 was signed here today.

Wang Pinqing, vice-minister of foreign economic relations and trade, and N. Babu, first Mongolian vice-minister of foreign trade, signed the document on behalf of their respective governments.

**Southeast Asia & Pacific**

**Further Reportage on Wan Li in Thailand**

**Wan Li Speaks at Banquet**  
*BK201110 Bangkok ZHONG HUA RIBAO in Chinese*  
20 Dec 87 p 4

[Text] Deputy Prime Minister Phong Sarasin held a banquet at the Dusit Thani Hotel at 1900 last night to welcome PRC First Vice Premier Wan Li, whose delegation arrived in Bangkok at 1700 yesterday for a visit to Thailand. Both sides stressed that the two countries had achieved fuller and deeper development of their friendly cooperative relations in all areas.

Those invited to the banquet included Deputy Commerce Minister Montri Phongphanit; Deputy Foreign Minister Praphat Limpaphat; Permanent Secretary for Foreign Affairs M.R. Kasemsamson Kasemsi; Zheng Minru, chairman of the Thai-Chinese Chamber of Commerce; Chen Youhan, president of the Bangkok Bank Ltd; Xie Guomin, president of the C.P. Group of Companies; and Li Jinghe, chairman of the Thai-Chinese Promotion of Investment and Trade Association.

Deputy Prime Minister Phong first gave a speech at the banquet. He said he was happy to see that in the 12 years since Thailand and China formalized diplomatic relations, the cooperation between the governments and peoples of the two countries in the political, economic, and cultural domains have constantly strengthened. He also believed that the long-existing friendly relations between the two countries and peoples will further develop on the basis of equality and mutual benefit.

He said that Vice Premier Wan Li's visit to Thailand is very important. In addition to promoting and strengthening the close relations between the two countries, Vice Premier Wan Li and his delegation will also extend congratulations on behalf of the Chinese Government to His Majesty the King on his 60th birthday.

Phong also thanked the Chinese Government for its fireworks displays held on 5 and 7 December during Thailand's celebrations of the king's 60th birthday, and its plan to build a Chinese pavilion at King Rama IX Park.

Vice Premier Wan Li said in his speech: "I feel greatly honored and happy by your invitation to visit your country at a time when the Thai people are continuously holding celebrations to grandly and warmly mark His Majesty King Phumiphon Adunyadet's 60th birthday. First, may I, on behalf of the Chinese leaders, Chinese Government, and Chinese people, extend my highest respects and warmest congratulations to His Majesty the King, and heartfelt wishes for His Majesty the King's good health, long life, and prosperity."

Wan Li continued: "During the 40 years under the reign of His Majesty King Phumiphon Adunyadet, the Thai Government and people—thanks to the profound concern of His Majesty the King—have made gratifying achievements in defending national independence and sovereignty and developing national economic and cultural undertakings. Thailand has changed remarkably, and its people's living standard has obviously improved. On international affairs, especially on the Cambodian problem, Thailand persists in defending international regulations and upholds international justice. This has won wide praise from peace- and justice-loving countries and peoples and has greatly enhanced Thailand's international reputation. His Majesty the King attaches great importance to the development of friendly Sino-Thai relations. He has warmly granted audiences to our country's leaders and delegations on many occasions, and he has dispatched royal family members to visit China. After the successful visits to China by Princess Maha Chakkri Sirinthon and Princess Kanlayaniwat-thana, Crown Prince Maha Wachiralongkon represented His Majesty the King in an official visit to China in February this year. His Majesty the King's warm, sincere, and valuable contributions to the development of Sino-Thai relations has exerted a profound influence among the Chinese and Thai peoples and has won high acclaim from the Chinese Government and people."

He continued: "Chinese and Thai people have a deep and kindred relationship. In recent years, this traditional friendship has moved forward. Both countries have achieved further development through friendly, bilateral cooperation in all areas. Both countries also share identical views on various important international problems. Both China and Thailand firmly support the Coalition Government of Democratic Kampuchea headed by Prince Sihanouk, and firmly support the Cambodian

people in their just struggle against Vietnamese aggression. They have made sustained efforts for an early, just, and reasonable political solution to the Cambodian problem. We feel very happy and satisfied with the development of the friendship between the two countries. I deeply believe that the sincere and close friendly relations established under the basis of the Five Principles of Peaceful Coexistence will be further strengthened and developed in the future."

Vice Premier Wan Li and his delegation arrived in Bangkok for an official visit at 1700 on 19 December aboard a special flight. They were warmly welcomed at Don Muang Airport by Deputy Prime Minister Phong Sarasin; senior Foreign Ministry officials; local Chinese community leaders, including Chairman of the Thai-Chinese Chamber of Commerce Zheng Minru, Chairman of the Thai-Chinese Promotion of Investment and Trade Association Li Jinghe, and Deputy Chairman of the Thai-Chinese Friendship Association Ting Jia Jung; and Chinese Embassy officials.

#### **Meets With Thai King**

HK231056 Beijing RENMIN RIBAO in Chinese  
22 Dec 87 p 6

[Report by Liu Aicheng (0491 1947 2052): "Chinese Vice Premier Wan Li Received by Thai King"]

[Text] Bangkok, 21 Dec—King Phumiphon Adunyadet of Thailand this afternoon received visiting Chinese Vice Premier Wan Li at the Chitlada Royal Palace here and had a friendly talk with him for nearly an hour.

During the meeting, Vice Premier Wan Li said that he was here to present a birthday present to His Majesty the King of Thailand to congratulate him on his 60th birthday on behalf of Chinese leaders Deng Xiaoping, Zhao Ziyang, Li Xiannian, and Li Peng.

King Phumiphon thanked Vice Premier Wan Li for the birthday present and asked Vice Premier Wan Li to give his regards to the Chinese Leaders.

During the meeting, King Phumiphon said: "The Sino-Thai friendly relations have had a long history. Many handicraft articles here in the Royal Palace of Thailand originally came from China." "Now, the relations between our two countries are not common political and diplomatic relations, but relations between true friends. It can be said that the present friendly relations between China and Thailand have entered a constructive stage. We feel fortunate and happy for having a true friend like China."

Vice Premier Wan Li said: "The friendly relations between our two countries have experienced rapid development in all fields, especially in the political, economic, scientific, technological, cultural, and athletic fields. China will make continued efforts to promote the steady

development of such close and friendly relations. The steady development of Sino-Thai relations is not only conducive to our two countries, but is also conducive to stability in the region."

Vice Premier Wan Li also praised the great achievements made by the Thai Government and people under the leadership and concern of King Phumiphon of Thailand. He said: "Thailand has not only imported advanced foreign technology and experiences in developing its domestic economy, but has also retained its fine national traditions. We should learn from Thailand in this respect."

#### **Near East & South Asia**

##### **Sudanese Prime Minister's Visit Continues**

##### **Talks With Li Peng**

OW221120 Beijing XINHUA in English  
1039 GMT 22 Dec 87

[Text] Beijing, December 22 (XINHUA)—Acting Chinese Premier Li Peng said here today that China will continue to further its friendly cooperation with the Sudan.

Li made this remark during his talks with the Sudanese Prime Minister al-Sadiq al-Mahdi here today. The two leaders discussed on the expansion of bilateral cooperation in the economic, cultural and educational fields.

Al-Mahdi expressed satisfaction with the smooth development of relations between the two countries.

"We share identical or similar views on many major international issues and our economic cooperation is also growing day by day. All this has provided a sound foundation for further development of bilateral relations," he added.

He said that the Sudan attaches great importance to diversified experiences of China, which has one fourth of the world population.

The two leaders also briefed each other on the situation in and tasks faced by the two countries.

On national and religious affairs, Li said that the Chinese Government always respects and protects the interests and customs of minority nationalities. It will never allow a handful of people to undermine the country's unity and national harmony.

Li and Al-Mahdi also exchanged views on the Middle East, South Africa, Iran-Iraq war and Gulf situation. Li praised the Sudan for its policy for peace, neutrality and non-alignment.



**Meets Li Xiannian**

*OW231210 Beijing XINHUA in English  
1105 GMT 23 Dec 87*

[Text] Beijing, December 23 (XINHUA)—China's hopes for Arab unity were expressed today by Chinese President Li Xiannian in a meeting with Sudanese Prime Minister al-Sadiq al-Mahdi.

Li called the success of the recent extraordinary Arab summit conference satisfying.

He extended a warm welcome to al-Sadiq who met yesterday with Acting Chinese Premier Li Peng.

Li said China and the Sudan have enjoyed good relations since diplomatic ties were established 28 years ago.

The two countries have cooperated well in economics and culture, he said, and he hoped the friendly relations would continue.

AL-Sadiq described the relations as "an example of south-south cooperation."

Li briefed the visitors on China's experience of revolution and construction and said his country has been running its affairs according to specific national conditions.

He said China's policies of nationalities and religion reflect concern over equality and freedom of belief.

"However," he added, "we resolutely oppose the few who engage in separatist activities by making use of the freedom of religious beliefs."

On international issues, Li said China welcomes the United States and Soviet Union Treaty to scrap intermediate-range nuclear forces and hopes the two countries will continue their efforts towards disarmament so as to keep arms at a minimum level.

"Only in this way can the people of the world be at ease," he said.

Earlier in the day the Sudanese prime minister laid a wreath at the Monument to the People's Heroes and viewed the Palace Museum.

**Meets Zhao Ziyang**

*OW231428 Beijing XINHUA in English  
1311 GMT 23 Dec 87*

[Text] Beijing, December 23 (XINHUA)—"The south-south cooperation should be diversified, that is, it should be conducted through various channels and forms," Chinese leader Zhao Ziyang said here today.

During a meeting with the visiting Sudanese Prime Minister al-Sadiq al-Mahdi, Zhao, general secretary of the Chinese Communist Party Central Committee, said that only through mutual beneficial cooperation in various forms, can the south-south cooperation enjoy strong vitality and broad prospects.

Zhao expressed satisfaction over the good relationship between China and the Sudan, saying that it is China's set policy to strengthen its friendly cooperation with the Sudan.

China and the Sudan share identical views on peace, development and the maintenance of the rights of the Third World countries, Zhao said, adding that the cooperation between the two countries are fruitful and belongs to the south-south cooperation.

Al-Mahdi said he came to visit China at a time when China is furthering its policy of reform and opening to the outside world. The Sudan has also entered into a period of reform and construction, so it needs more than before to strengthen its cooperation and exchange experience and develop relations with China, he said.

He said that since the two countries have the same and similar views on many major international issues, they should strengthen their cooperation in international affairs.

Zhao expressed his appreciation of the current policy of the Sudanese Government, saying that difficulties may occur during the implementation of a right policy, however, the policy can be fruitful if it is firmly carried out.

After the meeting, Al-Mahdi gave a press conference at which he described his China visit a great success.

Speaking of the results of his visit, he said that he and the Chinese leaders discussed some international issues and the bilateral relations, as well as economic and technological cooperation between the Sudan and China on the basis of equality and mutual benefit.

**Wu Meets Sudan's Sanadah**

*OW231618 Beijing XINHUA in English  
1430 GMT 23 Dec 87*

[Text] Beijing, December 23 (XINHUA)—Chinese Foreign Minister Wu Xueqian said here today that China strongly condemns the Israeli authorities' cruel repression of Palestinian residents.

Speaking at talks with the Sudanese Foreign Minister Ma'mun Sanadah this afternoon, Wu said the Chinese Government has closely followed the developments on the West Bank and in the Gaza Strip where Israel's police have repeatedly suppressed the Palestinian residents.

"The international community has universally condemned and opposed Israel's atrocities there," he said.

Wu, who is also a state councillor, said the Chinese Government has always sympathized with and supported the just struggle by the Palestinian and Arab peoples and opposed Israel's policy of aggression and expansion.

"We strongly condemn Israel's atrocities and demand that it immediately stops persecuting Palestinian residents in their lost land," he said.

Wu said China supports the proposal for an international conference on the Middle East issue under the auspices of the United Nations.

The two ministers exchanged views on the Middle East, the Iran-Iraq war and the conflict in the Gulf.

During the talks, Wu said economic development is the most important common task facing Third World countries. "Only by achieving economic development can Third World countries gain political stability. Of course, political stability will also promote economic development," he said.

"All disputes between Third World countries should be settled through consultation to find peaceful solutions. This will be conducive to the political stability and economic development of these countries."

Sanadah is accompanying Sudanese Prime Minister al-Sadiq al-Mahdi on his visit to China. The prime minister arrived here December 21.

### West Europe

**XINHUA Rounds Up European INF Views**  
*OW181722 Beijing XINHUA in English 1655 GMT  
18 Dec 87*

["Round-up: INF Treaty Leaves Western Europe in a Quandary (by Yang Yuanhua)"]—XINHUA headline]

[Text] Beijing, December 18 (XINHUA)—Nations in Western Europe are experiencing mixed feelings about the U.S.-Soviet Intermediate Nuclear Force (INF) treaty signed on December 8.

With the initial euphoria subsiding, they have begun to assess it in light of Western Europe's overall security strategy, and moves to beef up their own security.

The INF treaty is generally welcomed in Western Europe as a substantial breakthrough in the drawn-out arms control talks and the first superpowers' accord in post-war years to scrap a whole category of nuclear arsenals.

Europeans also are glad to see that the treaty accepts unbalanced nuclear reductions and verification measures which they see as a catalyst to arms control talks in other domains. And they view it as a thawing of tense East-West relations.

But how this subtle change in U.S.-Soviet relations brought about by the pull-out of medium-range nuclear missiles will affect Western Europe is now at the center of their re-thinking on the INF treaty.

First, Western Europe does not feel less threatened, because the Soviets enjoy an apparent superiority in conventional forces. According to Western estimates, the Warsaw Pact's conventional forces are two to three times those of the North Atlantic Treaty Organization (NATO). The Eastern bloc nations also hold a good lead in short-range nuclear weapons. Western Europeans fear that their strategy of nuclear deterrence based on military parity could be sapped.

Leaders of Western European countries have warned that the dismantling of medium-range missiles does not mean "a realization of detente" nor "a halt of the arms race" which, in fact, has switched to a rivalry for higher quality and escalated to outer space.

The Federal German newspaper "DIE WELT" pointed out that what the Soviet Union gave up in the INF pact are superfluous warheads, rather than "its ability to threaten Western Europe." French Prime Minister Jacques Chirac cautioned recently that Western Europe is still threatened by massive armaments, and that an INF treaty will be a positive step only when an agreement to beef up European security is reached.

Secondly, Western Europe has been torn between the desire to see detente between the two superpowers and fear that its interests would be jeopardized as a result. In what they see as "overhead diplomacy," the United States and the Soviet Union reached an agreement in principle on scrapping medium-range missiles in Reykjavik last year. Europeans were bitter about that, feeling that they were left on the sidelines on a question directly geared to their security.

Federal German Chancellor Helmut Kohl recently reminded U.S. President Ronald Reagan that the interests of Western Europeans should not be overlooked. Emphasizing the point, Foreign Minister Hans Dietrich Genscher called for efforts by Western Europe to prevent East-West talks from being limited to the two superpowers.

"No protection for Europe" were the words the French newspaper "PARIS-JOURNAL" used to caption a cartoon showing the United States and the Soviet Union shaking hands firmly, with Europe sandwiched in between.

A "decoupling" of U.S., European defense is another fear lurking in some Western European nations. A weakened Western Europe after the Second World War has banked on the U.S. nuclear umbrella and stationed U.S.

troops for its own security. The removal of medium-range missiles from Europe will certainly deepen the worry that the United States will someday dissociate itself from Europe.

It costs the United States 150 billion dollars annually for its commitments to NATO, accounting for some 47 percent of its total military outlay, and equalling the total spent by all Western European nations. Appeals inside the United States for it to dissociate from Western Europe have been rising, and the recent agreement between the U.S. Congress and the White House to slash 75 billion dollars from the U.S. budget has increased concerns that the United States will sooner or later reduce or even forsake its commitments to the defense of Western Europe.

Finally, there is the misgiving that the INF treaty will deprive Western Europe's nuclear deterrence force of its medium- and shorter-range missiles, leaving it with only strategic and short-range rockets. Added to this fear is the possibility that future U.S.-Soviet nuclear talks may include short-range rockets, thus encroaching upon the independent nuclear force of Britain and France. In view of this, France and Britain have repeatedly stressed the independence of their nuclear weapons from any U.S.-Soviet nuclear deals. They have rejected the idea of European "denuclearization," which, they argue, would utterly neutralize their nuclear deterrence strategy.

The new situation has brought Western European leaders together on many occasions in an effort to work out a common strategy. Outstanding among the issues dealt with are the adoption by the seven member countries of the Western European Union of a "European security platform," which reaffirms conventional and nuclear forces as two fundamental props for Western Europe's security, upholds European-U.S. strategic links, and emphasizes the need for allied interests to be immune to any arms control moves. The document points up Western Europe's strong desire for defense cooperation and higher political standing. It also is the first such document in the post-war period with a strong European identification.

Within a week after the INF treaty was signed, France and Britain, the two nuclear states in Western Europe, decided to join hands in developing a new type of airborne nuclear missile and other measures designed to boost defense cooperation. The move was seen as aimed at fighting off the INF treaty's negative effects on Western Europe, and expressing discontent over the United States and the Soviet Union bossing about in European affairs.

There are signs that Western Europe's nuclear defense, which is based on French and British nuclear forces, and its conventional defense, which is based on Federal German and French forces, are making headway. More than a few countries have come up with concrete ideas for greater defense coordination. France and Federal Germany will set up a joint defense commission in January to study security prospects from a strategic angle.

Although some of the European measures are still in the offing, and, if they materialize, would be no match for the military forces of the United States and the Soviet Union, they nevertheless mark a further awakening to the need of joint defense and the need to assert Western Europe's place in the world.

**Tianjin's Li Ruihuan Meets French Visitors**  
*SK230123 Tianjin TIANJIN RIBAO in Chinese*  
5 Dec 87 p 1

[Text] On the evening of 4 December at the Hyatt Hotel, Mayor Li Ruihuan and Vice Mayor Li Changxing met with (De Hygus), commercial counsellor of the French Embassy in China; (Volcani), president of the French MG [a commercial enterprise] group; and other entrepreneurs.

During the reception, Li Ruihuan said: We are very glad to see our French friends here. During our visit to France last July, we had a discussion on the matters of bilateral economic cooperations. Thanks to the efforts of both sides, we have finally witnessed achievements. The opening of the Meilanrilan Corporation is just the beginning of such good cooperations. We should continuously join hands in opening up a new cooperative sphere. French entrepreneurs, engineers, and technicians enjoy high prestige in Tianjin in terms of their work performance, and therefore we are very confident about the prospects of further cooperations between China and France.

President (Volcani) thanked the Tianjin Government for its vigorous support to the MG group in initiating a joint venture enterprise in Tianjin. He said: The MG group plans to continuously transfer technology and high technology to other localities of China. It will be very conducive to the industrial and technological cooperation in Tianjin.

Joining the reception were He Wenzhi, vice minister of aeronautics; Zhang Zhaoruo, deputy secretary general of the municipal government; Zhang Wei, chairman of the Administrative Commission of the Tianjin Economic Development Zone; and veteran Comrade Li Zhongyuan.



**'Alliance of Democracy' Member Deported**  
*HK230822 Hong Kong ZHONGGUO XINWEN SHE  
in Chinese 0710 GMT 23 Dec 87*

[Text] Shanghai, 23 Dec (ZHONGGUO XINWEN SHE)—On 21 December, Qian Da, representative of the headquarters of the "Chinese Alliance of Democracy," was ordered to leave China by the Shanghai Municipal Public Security Bureau.

Qian Da arrived in Shanghai from the United States on 19 December, concealing that he was a representative of the headquarters of the organization. On 21 December—with a letter of mandate written by Wang Bingzhang, a responsible person of the organization called "Chinese Alliance of Democracy" for short—Qian Da carried out his activities as a representative of the headquarters of the organization. He was ordered to leave China by the Shanghai Municipal Public Security Bureau.

A responsible person of the Shanghai Municipal Public Security Bureau said: The "Chinese Alliance of Democracy," an organization established by a Chinese student named Wang Bingzhang in New York, United States, in December 1983, is a reactionary organization that "is hostile to and attempts to undermine the socialist system in China and aims at overthrowing the people's government."

**Further From AFP**

*HK230855 Hong Kong AFP in English  
0830 GMT 23 Dec 87*

[Text] Beijing, Dec 23 (AFP)—A man arrested at the trial of student Yang Wei in Shanghai Monday and allegedly a member of a U.S.-based dissident group linked to the student has been asked to leave the country, officials said Wednesday.

Shanghai press reports said Qian Da was arrested in Shanghai two days after arriving from the United States on a tourist visa to conduct "activities as a representative for the Chinese Alliance for Democracy".

Mr Yang, 32, was sentenced to two years in jail at the nationally-televised trial for inciting unrest and spreading propaganda for the New York-based dissident group during student protests for more democracy a year ago.

A Shanghai Public Security official reached by telephone Wednesday said Mr Qian, originally from Taiwan, has been "asked to leave China", but he refused further comment.

A Chinese Foreign Ministry spokesman meanwhile declined to comment Wednesday on a statement by the U.S. State Department Tuesday sharply criticizing China for not having allowed Mr Yang a public trial.

The statement condemned China for not allowing foreign observers at the trial, saying this was "counter to international principles of justice", and called for China to "resolve Yang Wei's case in a fair and expeditious manner."

China's official press said Wednesday that Mr Yang had been tried in open court and that his parents were allowed to attend the trial.

Chinese officials had told foreign reporters on Monday, however, that the student would be tried in closed court and that no foreign observers or reporters would be allowed to attend.

Mr Yang's case had been the subject of wide publicity in the United States, where Congress had cited his treatment as an example of alleged violation of human rights and persecution of intellectuals in China.

Western observers said Mr Yang's trial and the arrest of Mr Qian could revive fears of political persecution among Chinese students in the United States who are reluctant to go home and bring up the issue of political asylum.

The PEOPLE'S DAILY Tuesday said the alliance, founded by Overseas Chinese in 1983 after the suppression of the "Beijing Spring" democracy movement, was aimed at the overthrow of the Beijing government.

It said Mr Yang's case was an example of the alliance's "disruptive activities at home and abroad" and warned alliance members they would be punished if they returned to China.

The diplomatic exchanges over Mr Yang's case could add to current tension between Beijing and Washington involving China's suppression of independence protests in Tibet and its alleged arms sales to Iran, Western diplomats said.

The U.S. Congress recently passed an amendment to the State Department Appropriations bill demanding Mr Yang's "immediate release" on the grounds that he is innocent under both U.S. and Chinese law.

It also called on the U.S. government to grant "extended voluntary departure status" to Chinese students who could prove to U.S. government officials they would face political persecution if they returned to China.

China has condemned the amendment as interference in its internal affairs.



**Murderer of Beijing Student Sentenced to Die**  
*HK231046 Hong Kong ZHONGGUO XINWEN SHE*  
*in Chinese 0936 GMT 23 Dec 87*

[Text] Beijing, 23 Dec (ZHONGGUO XINWEN SHE)—The Beijing Municipal Intermediate People's Court today sentenced the murderers of a student of Beijing's University of Foreign Economic Relations and Trade. Ma Qingjun was sentenced to death for wilful murder and hooligan activities, and Wang Yanjun was sentenced to 5 years' imprisonment for hooligan activities.

Ma Qingjun, 22, male, is an individual householder who repairs bicycles. At about 2000 on 5 December this year he went armed, with his confederate Wang Yanjun, and stealthily entered the University of Foreign Economic Relations and Trade. At the university store, Ma Qingjun falsely accused Zang Wei (21, male), a 2d-year student at the university, of stealing apples from the store, in order to stir up trouble. When Zang Wei denied the charge, Ma Qingjun stepped forward, grabbed Zang's collar, roughed him up, and threatened him with a knife. At the same time, Wang Yanjun also came forward and struck at Zang's head with his fists. Zang asked him why he did that. Wang Yanjun replied: "I do not like your looks." After that, he smashed an abacus and a scale against Zang. Catching Zang off guard, Ma Qingjun drove a knife into Zang's chest, piercing his heart. As a result, Zang died of shock and bleeding. The two accused fled the scene after this happened. They were arrested the next morning.

According to the Beijing Municipal Intermediate People's Court, although Ma Qingjun was once educated through labor, he refuses to turn over a new leaf. By entering the university armed, stirring up trouble, and killing a student, he has committed wilful murder and hooligan offenses. The crime is of an extremely evil nature. Both the crime itself and its consequences are extremely serious. Therefore, Ma must be sternly punished. Wang Yanjun participated in hooligan activities and beat up an innocent person. The case was serious and constitutes a hooligan offense of a serious nature. He should have been more sternly punished. However, considering the fact that he was only 16, still not an adult, when he committed the crime, he is therefore punished more leniently.

**CPC Urges End to 'Unhealthy Tendencies'**  
*OW231138 Beijing XINHUA in English 1037 GMT*  
*23 Dec 87*

[Text] Beijing, December 23 (XINHUA)—Reforms and improvement of the existing systems are essential to the Chinese Communist Party's efforts to overcome "unhealthy tendencies" in its ranks.

This was a conclusion reached at a recent meeting called by the party Central Committee Secretariat, which, however, also concluded that it won't do to resort to political movements to overcome such tendencies.

The meeting, chaired by General Secretary Zhao Ziyang, was held December 9 and 10. It called for work to enable the reforms and the effort to overcome unhealthy tendencies to go hand in hand.

The meeting called for concentrating, first of all, on problems that have drawn widespread complaints and where conditions are ripe for their solution through improvement of the existing systems.

On improving the existing systems, participants proposed that from now on, work be done to make political, economic and other policies still more open to create equal opportunities for people to compete with one another.

With the expansion of the commodity economy and improvement of democracy, participants said, equal opportunities for competition will increase, and this will be conducive to the effort to overcome unhealthy tendencies.

The 13th National Party Congress called for instituting a regular civil service system. That means encouraging competition among people on a fair, equal footing, participants said.

There will surely be less "backdoorism"—meaning using one's power and influence to pursue personal gain or bestow favors on one's relatives or friends—if administrators are chosen through public examination or election.

Participants also called for reforming, as quickly as possible, those systems which make it possible for people to use their power to pursue personal gain.

These include the present housing rent and distribution system, and personnel recruitment system, with which many people have been dissatisfied for a long time.

By encouraging sale and purchase of houses as commodities, there will be fewer cases of people using their power to get more living space, participants said.

While accelerating the reforms to remove, gradually, the "soil" out of which unhealthy tendencies grow, the party should be strict in improving its style of work and the quality of its members.

But that cannot be postponed until the completion of the task of improving the existing systems which, participants said, will take a long time.

What is essential for the improvement of the party's style of work is the wholehearted participation of the leading organs of the party and government, that is, China's leading strata.

Party discipline must be enforced, and the party should also purify its ranks of corrupt members. Meanwhile, work must be done to improve the quality of the party membership as a whole, the meeting stressed.

**Zhao Ziyang Presides at Party Style Forum**  
*OW231326 Beijing XINHUA Domestic Service*  
*in Chinese 0647 GMT 23 Dec 87*

[Text] Beijing, 23 December (XINHUA) — Party committees at all levels should place on their agendas the question of developing party style while carrying out reform and opening to the outside world.

A forum on development of party style held by the Secretariat of the CPC Central Committee pointed out: Development of party style is a major question that should be earnestly studied and resolved under the new circumstances. Party committees at all levels should place this question high on their agendas.

On 9 and 10 December, the Secretariat of the CPC Central Committee held a forum on developing party style, with Comrade Zhao Ziyang presiding. The forum conducted earnest discussions on some important issues in developing party style.

According to the forum, the development of party style is a matter of deep concern in and out of the party. Only by putting the question of party style on a scientific basis and analyzing it by seeking truth from facts can we find a correct solution. At present there are two different assessments of the current state of our party style, but neither is sufficiently comprehensive. One is to take the question too seriously, holding that now is the time when our party style is the worst and regarding this as a result of reform and opening to the outside world. The other is to underestimate the seriousness of the question and only note the achievements of our reform and opening to the outside world without paying sufficient attention to such party problems as abuse of official power, selfish ends, and bureaucracy. The forum pointed out: The question of party style should be assessed comprehensively and by seeking truth from facts. Our party can stand the test in acting as a ruling party and in implementing the reform and open policies. The overwhelming majority of the cadres who are party members are positive and faithful in serving the people, displaying a great down-to-earth working spirit and a great creative force. All these should be affirmed according to facts. However, the serious problem of abusing official power for selfish ends includes a small number of party members, including some leading cadres. Regarding the correct assessment of unhealthy practices within the party, there are two comments to be made: one; unhealthy trends certainly exist within the party and some of them

are rather serious, requiring great attention and serious efforts to seek solutions. two; quite a few instances of hearsay have been excessively exaggerated or are totally fictitious. They must be analyzed.

It must be pointed out that party style has something, rather than nothing, to do with reform and opening to the outside world. The key issue is how to view this matter. In the first place, we should see that reform has instilled new vitality into the body of our party, and can increase our party's resistance to corrosion. At the same time, we should also see that it is inevitable for some problems to appear in the course of reform and opening to the outside world. In replacing the old system with the new one, the imperfect legal system, lack of policy coordination, imperfect adjustment mechanisms, and insufficiently equal opportunities are all major causes of unhealthy trends. The development of the commodity economy may have some effect on social and political life and on personal relations. We should study what is not to be feared and is allowable, and what must be eliminated and guarded against. Attention should be paid to studying the new situation of reform and opening to the outside world. We should not view the problems in the new situation with closed minds and say in very general terms that our present party style is worse than before. Under the closed-up condition, some decadent things had no opportunities to appear. Now, with the implementation of the flexible policy, these things have immediately come up. This can be likened to a man living in a vacuum free from bacteria: this does not mean that he has a strong resistance. We should understand the question of party style within the new concept of reform and opening to the outside world. It is necessary not only to continue advancing in the course of conducting reform, opening to the outside world, and developing the commodity economy, but also to seriously study what methods we should use to restrict the negative things.

The forum pointed out: the correct understanding of the question of party style cannot be separated from reform and opening to the outside world, nor can the correct solutions to the problems concerning party style be divorced from the latter. Since some party style problems have arisen with the new situation of reform and opening to the outside world, their solutions must depend on the acceleration and deepening of the reform and opening efforts. In developing party style, we must blaze a new trail depending on reform and the improvement of systems instead of a political movement.

Comrade Deng Xiaoping pointed out long ago: "To overcome the phenomenon of privilege, it is necessary to solve not only the ideological question but also the question of systems." This is a very profound thought. Our entire party and state should act in accordance with the established systems. By developing the socialist commodity economy through the reform of our economic structure and developing socialist democratic politics

through the reform of the political structure, we will find a radical way to reduce the unhealthy trends. This is a radical measure and a fundamental task to improve the systems.

Referring to the improvement of systems, the forum pointed out: Whether it is a political or economic system or a system in any other field, we should, from now on, increase its transparency and its degree of openness as much as possible so as to create equal opportunities for people to compete. With the daily development of the commodity economy, the continuous improvement of our democratic politics, and the increase in equal opportunities, there will be more favorable conditions for overcoming the unhealthy trends. Take admission to colleges as an example. This matter is quite a contradiction because many people want to enter the college but only a few are accepted. In the past when the recommendation method was used, it was very hard to close the back door. Then the method was changed to enrollment and examination with a unified standard for accepting applicants and a clear-cut system to ensure equal opportunities for them. The unhealthy trends were reduced accordingly. Since the 13th CPC National Congress stated that a system of public service would be instituted, there has been very good reaction from all sides because this system means fair competition. If the methods of open recruitment, examination, appraisal, and democratic election are used to select and promote personnel, there will be fewer uses of the back door.

The forum pointed out: To strengthen the development of party style, one imperative task is to speed up and deepen the work of reform and opening to the outside world so as to gradually remove the soil engendering the unhealthy trends. The other is strictness in managing the party. These two are related and it won't do if we only carry out one of them. The improvement of systems and the environment is a long-term process. We cannot wait until the environment has been improved and then be strict in managing the party, for even with the best environment, problems of one kind or another may still appear within the party. To be strict in managing the party, we should, first of all, be strict with party and government organs with particular attention to the leading level. To be strict in managing the party, we should strictly enforce party discipline and resolutely clear out the decadent elements existing in the party. To be strict in managing the party, we should also make continuous efforts to improve the quality of party members. Recently Comrade Chen Yun said: "In the course of reform and opening to the outside world, every Communist Party member is required to remember at all times that he or she is a Communist Party member." We should see to it that all comrades in the party understand this point. To be strict in managing the party is a long-term, ongoing process, and in grasping this we cannot be inconsistent but firm and resolute.

The forum pointed out: in solving the problems of unhealthy trends within the party, we should determine their order of priority so as to start with those problems

where the masses have the most serious complaints and where conditions are comparatively ripe for improvement. Then, through efforts to conduct reform and manage the party strictly, we should solve the problems one by one and purposefully link the work of speeding up reform with accelerated development of party style so that they will promote each other. Certain irrational systems abetting the abuse of official power for selfish ends should be reformed as soon as possible so as to reduce the soil that engenders the unhealthy trends. Abusing official power for selfish ends in handling housing and personnel affairs and gaining colossal illegal profits are problems about which the masses have serious complaints and have not been managed well for a long time. A major reason for this is that some systems in these respects are irrational and that the management work is not as good as it should be. Efforts must be made to speed up the pace of reform. If, through reform, the related major issues are put in order, there will be a change in the situation. Commercialization of housing facilities will greatly reduce the unhealthy trends in housing distribution. A very important measure in reforming the cadre personnel system is implementation of the public service system. Before this system is established, it is necessary to increase the transparency, the degree of openness, and the extent of mass participation in the selection and promotion of cadres. In addition, while introducing mechanisms for competition to the enterprise contract system, strenuous efforts should be made to reform the personnel system in enterprises. When this question has been well resolved, similar work will be expanded to other kinds of institutions. This, plus the public service system gradually implemented by the state organs, will bring about a radical change in the personnel system and create a situation favoring the emergence of more competent personnel.

The forum stressed: development of party style in the course of reform and opening to the outside world is a question that is of great importance and should be resolved urgently. At present, the question of developing party style is faced with many new circumstances, while some issues still require continued investigation and study. The convocation of this forum by the Secretariat of the CPC Central Committee to discuss the development of party style is only a beginning. Party committees at all levels should exert efforts to probe into the question in depth, enhance their understanding, and grasp this work firmly.

Qiao Shi, Hu Qili, Song Ping, Rui Xingwen, Wen Jiabao and responsible comrades from the departments concerned attended the forum.

**Deng Xiaoping Reiterates Retirement Plans**  
HK231121 Hong Kong KUANG CHIAO CHING  
in Chinese No 183, 16 Dec 87 pp 6-9

[Article by Chiang Wei-wen (3068 0251 2429): "Bourgeois Gives a Lesson to Senior CPC Statesmen—Deng Xiaoping States That He Is Unwilling To Hold Court From Behind a Screen"]



[Text] "My task is to enable myself to gradually disappear from the affairs of the party and state!" Deng Xiaoping made this statement to a friend. Why did Deng Xiaoping make such a statement? As revealed by well-informed Beijing sources to our reporter: The CPC is further studying personnel arrangements. Recently, Deng Xiaoping seriously studied new changes in the political situation in Tunisia, and came to this conclusion: Old-man politics [lao ren zheng zhi 5071 0086 2398 3112] will never do. In his latest speech, he stressed with deep emotion: "The Bourguiba affair has happened in Tunisia. Bourguiba was a founding member of the national liberation movement, and enjoyed very high prestige in Tunisia. He is 84 years old, and 1 year older than me. He was reluctant to make arrangements concerning his successors. As a result, other people made arrangements for him. China is a big country. If we fail to make arrangements concerning successors to our cause, there will be great trouble once it occurs, and it will be difficult to clear up the messy situation." When talking about himself, he pointed out: "After discussing the matter with several comrades, they and I originally intended to retire together. But many did not agree with the plan. At last, we decided to partly retire. However, I am already 83, and do not know when I will fall. Even if I do not fall, I will some day become muddle-headed as Bourguiba did. As a result, I will either make mistakes, or be repudiated by others. Therefore, semiretirement is a transitional method. I will try not to bother about specific work as best as I can."

Bourguiba of Tunisia taught senior statesmen of the CPC a lesson! Many people feel puzzled about the statement. When did this veteran leader of the independent movement of Tunisia come to Beijing? How did he teach senior CPC statesmen a lesson?

Of course, Bourguiba never came to Beijing, or mounted a platform to say anything to senior statesmen of the CPC. However, Deng Xiaoping studied his bitter experience.

#### Deng Xiaoping Studied Bourguiba's Bitter Experience [subhead]

As revealed by sources in Beijing familiar with activities at the higher level, Deng Xiaoping paid close attention to conscientiously observing and studying changes in the political situation of Tunisia. He drew a conclusion from the bitter experience of Bourguiba: "old-man politics" will never do! Recently, Deng Xiaoping time and again expounded this truth to senior cadres of the CPC, saying that he would soon completely retire.

#### Does Semi-Retirement Mean That Deng Refuses To Transfer Power? [subhead]

After the 13th CPC National Congress, a number of senior statesmen including Deng Xiaoping, Chen Yun, and Li Xiannian withdrew from central leading organs, and many younger leaders have been promoted to

important posts. Exceeding some people's expectations, the Congress took a great step in rejuvenating the cadre corps. Therefore, it was hailed by public opinion abroad.

However, some people have maintained that Deng Xiaoping is holding court from behind a screen, and that it is not easy to change the situation of "old-man politics." The "semi-retirement of the three senior statesmen" (Deng Xiaoping, Chen Yun and Li Xiannian) shows that they are not willing to completely transfer their power. Therefore, in spite of the fact that Zhao Ziyang has been elected General Secretary, and that the Political Bureau Standing Committee is mainly composed of members of the third echelon, several senior statesmen are still an "invisible nucleus" responsible for making decisions on important matters. In particular, the number-one strong man of the CPC, Deng Xiaoping, who has retained his post as Chairman of the Military Commission, will continue to "hold court from behind a screen."

Does this view tally with the practical reality? It is not difficult to get an answer after reviewing what the CPC has done in making the cadre corps younger in recent years.

#### Wang Hongwen's Remarks Shook Deng Xiaoping [subhead]

After the smashing of the "gang of four," a great many cadres who had been persecuted during the "Cultural Revolution" were rehabilitated and returned to their former leading posts. This was an inevitable result of the situation at that time, and an unavoidable product of "rehabilitation." However, this increased the average age in CPC leading bodies. Inside the CPC, it was Deng Xiaoping who first proposed a change of the situation in the leadership strata.

The story began from the "Cultural Revolution." In 1973, Zhou Enlai was seriously ill, and Deng Xiaoping took his place in charge of day-to-day work. The usurpation of power of the "gang of four" was hindered, and they felt dissatisfied with it. Wang Hongwen went to Shanghai and grumbled in front of his "little brothers." He said indignantly: "We will have a final trial of strength in 10 years!" These remarks shook Deng Xiaoping. After discussing the matter with Li Xiannian, he said with deep emotion: "What will we be like after 10 years? As far as age is concerned, we will be defeated by them!" From then on, Deng Xiaoping began to consider the issue of bringing up successors.

#### Timely Pointing Out of Serious Issue of Ageing of Cadre Ranks [subhead]

Shortly after the fall of the "gang of four," the main task of the CPC was to redress false charges, wrong sentences, and framed up cases, and to liberate veteran cadres. It was not the right time to propose the idea of making the corps of leading cadres younger in light of the conditions

at that time. In addition, the "two whatevers" theory held sway, and inside the CPC it was not Deng Xiaoping who held the highest decisionmaking power. After the discussion of the "criterion for testing truth" the viewpoint of the "two whatevers" was criticized. The 3d Plenary Session of the 11th CPC Central Committee held at the end of 1978 removed the dominance of the "leftist" ideology inside the party, and defined the new line of seeking truth from facts. Deng Xiaoping became a de facto leading figure with the situation well in hand. At that time, he pertinently pointed out the serious problem of ageing in the CPC leadership strata. He stressed that making cadre corps younger should be regarded as a project of vital and lasting importance. He time and again emphasized: "At present, members of leading bodies at all levels are too old, and they lack vigor." He urged old cadres to "withdraw intentionally," and to select young and middle-aged cadres to succeed them. People began discussing the issue of abolishing the life tenure of leading cadres, and establishing a retirement system. After that, various specific measures were adopted to implement the guiding principle of rejuvenating the cadre corps.

#### Adopting Proper Measures To Reduce Resistance [subhead]

Deng Xiaoping was determined to promote the work of making members of leading bodies younger. But he was cautious enough when acting on this. This was because most young and middle-aged cadres lacked experience in leadership work due to the 10 years of turmoil. An entire step was lacking in the leadership echelon of the CPC. Besides, the idea of overemphasizing seniority prevailed inside the CPC. A fairly large number of veteran cadres were reluctant to part with their posts and power. They were unwilling to pass their posts on to younger cadres. Deng Xiaoping, who had a wealth of political experience, realized that under such practical conditions undue haste in replacing the old cadres with younger ones would cause confusion. This would run counter to his desire. Therefore, he maintained that efforts must be made to reduce resistance, and to create a good environment for the work of encouraging old cadres to offer their posts to younger cadres.

#### Setting a Good Example by Retreating to the Second Line [subhead]

From 1980 to 1981, after a meeting held at the highest level of the CPC, Hua Guofeng resigned from his posts in the party and government. There was no doubt that Deng Xiaoping was the most prestigious figure on the mainland. Although he enjoyed most popular support, he only held the post of chairman of the Central Military Commission. He resolutely refused the post of chairman of the CPC Central Committee. He recommended that Hu Yaobang, who was on the first line, take the highest post of the CPC. In the meantime, he repeatedly stressed that the leadership system of the party and state should be reformed, so that younger cadres could shoulder

important work. By giving such an example himself, he paved the way for the implementation of the plan of making the cadre corps younger.

#### Creating An Honored Atmosphere for the Retirement of Senior Statesmen [subhead]

At the 7th Plenary Session of the 11th CPC Central Committee held in August 1982, it was decided to write two separate letters to pay respects to senior statesmen Liu Bocheng and Cai Chang. They had been ill for a long time, and could not continue to hold their posts of leadership. So, letters were written to them in the name of the plenary session of the CPC paying them kind respects and highest tribute. For more than several decades in the past, leaders of the CPC withdrew from the political arena either because of natural law, or because they made mistakes. Therefore, the above-mentioned method of making the retirement of senior statesmen an honor created a good environment beneficial to the practice of replacing the old with the young. In the meantime, a proposal was put forward on establishing a Central Advisory Commission and Central Discipline Inspection Commission to make arrangements for those cadres who withdrew from the first line, but were still in good health and could do some work.

#### The 12th CPC National Congress Made Arrangements for "Integrating the Older Cadres and Younger Cadres, and Replacing the Old With the New" [subhead]

At the 12th CPC National Congress, an overall arrangement was made on reducing the age of members of the central leading body. At the congress, 210 Central Committee members, and 138 alternate members were elected. Among them, some 211 persons (more than 60 %) were elected Central Committee members for the first time. Among these 211 members, 140 persons were under 60, and the youngest one was only 38. Of course, the problem of ageing could not be solved overnight. The following passage is quoted from the document of the 12th CPC National Congress: "At the highest leadership strata of the party, the practice of integrating older and younger cadres, and replacing the old with the new has further been materialized."

#### Great Changes in Central Organs—Older Cadres Who Have Reached the Age Limit Should Hand Over Their Posts and Power [subhead]

A greater step in making the leadership strata younger was demonstrated in a national party delegates' meeting held in September 1985, between the 4th and 5th Plenary Sessions of the 12th CPC Central Committee. The achievements of the meeting were reflected in the following: 1) Several important senior statesmen such as Ye Jianying, Deng Yingchao, Nie Rongzhen, Huang Kecheng, and others retired in an atmosphere of honor; 2) a retirement age was set: 60 years for vice ministers, 65 for ministers, 68 for members of the party Central Committee, and 72 for members of the Political Bureau;

3) some 64 members of the Party Central Committee applied for retirement of their own accord in line with the requirement mentioned above; 4) some 91 young and middle-aged cadres who had been engaged in practical leadership work were elected into the party Central Committee; 5) some younger cadres, who belonged to the third echelon, were elected into the Central Political Bureau and the Secretariat which was responsible for practical leadership work at that time; 6) there was also a greater membership change in the Central Advisory Commission and Central Discipline Inspection Commission which absorbed old cadres. Although there are some overage cadres who did not retire because of the requirements of practical work, an atmosphere of encouraging cadres who had reached the age limit to hand over their posts was initially created.

#### 10-Year Arrangements [subhead]

After achieving the above, Deng Xiaoping again carefully analyzed the situation. It seemed to him that the echelon age structure plan, which had been proposed for many years, should be applied to the project of making leading bodies younger. In other words, a group of younger cadres who were around 30 to 40 should be assigned to important work. Considering historical reasons and the growth of younger cadres, Deng believed the task could be fulfilled in 10 years, namely after the 15th CPC National Congress. However, during the 13th CPC National Congress held in 1987, greater initiative would have to be taken regarding the plan of rejuvenating the cadre corps. To do this, Deng thought that senior statesmen such as Chen Yun, Lin Biao and himself should completely retire.

#### Deng Intended To Reveal His Retirement Plan Through Certain Channels [subhead]

Deng, Chen Yun, and Li Xiannian discussed the matter and reached a consensus. Then, he asked the party to make relevant arrangements for their retirement. In addition, starting from 1986, the retirement plan was revealed through certain channels. There were divergent views inside the party about Deng's retirement, and the matter was very complicated. At last, it was decided that the "three senior statesmen would partially retire," and that membership of the Political Bureau and its Standing Committee would be greatly changed. The relevant inside story was previously revealed in several articles published in the last issue of KUANG CHIAO CHING (see Wang Tse: "The Complications of Deng Xiaoping's Retirement," and Wen Pei-lin: "Inside Story of Personnel Arrangements of the 13th CPC National Congress," both published in the November issue of KUANG CHIAO CHING). I will not repeat the story here.

#### Bourguiba Affair Gave Deng Xiaoping Much Food for Thought [subhead]

After the 13th CPC National Congress, Deng Xiaoping retained his post on the Military Commission. This sparked off varying comments and reactions to the matter abroad. Some people believed that the political strongman was not willing to fully withdraw from the political arena, and that he would continue to play the role of "guidance." However, on the day he was elected chairman of the Military Commission, Deng Xiaoping himself explicitly told his Japanese guests that the post was temporary, and that he would resign soon.

Shortly after the 13th CPC National Congress, there was a report on the change of situation in Tunisia. On 7 November 1987, Tunisian Prime Minister and Interior Minister Ben Ali announced the termination of Bourguiba's presidency for life. He himself assumed the posts of president of the republic and supreme commander of the armed forces. Deng Xiaoping paid special attention to the "peaceful coup" in this North African Muslim state.

Bourguiba had been a leader of the Tunisian national independence movement, and a founding member of the Republic of Tunisia. After the country became independent in 1956, he was elected chairman of the Constituent Assembly. After the founding of the Republic of Tunisia in 1957, he was elected the first president of the country. Subsequently, he was re-elected. According to the former constitution of Tunisia, the term of office of a president was 5 years, and a president could be re-elected for three consecutive terms. Because Bourguiba enjoyed very high prestige among Tunisians, after his third re-election as president, in March 1975 he became president for life. It seemed that no one in the country could replace him.

However, things went contrary to expectations. On 7 November 1987, just a few days after the opening of the 13th CPC National Congress, Premier Ben Ali of Tunisia, who was hand picked by President Bourguiba to be in charge of government work, completed all the constitutional procedures in one day in a planned successive way to successfully approve a communique signed by the president's doctor. The communique said that Bourguiba's health did not allow him to continue to perform the functions of president. Ben Ali announced on the radio the termination of the presidency of Bourguiba, his succession to the post, and his new government policy. A new government was established, and Ben Ali took an oath of office in front of all members of the House of Representatives. Ben Ali abolished the presidency of the 84-year-old Bourguiba within a day, and became the second legitimate president of the Republic of Tunisia.

Ben Ali's actions were welcomed by the Tunisian public. Although Bourguiba made great contributions to the independence and development of Tunisia, he was old and in poor health. He was unable to lead the Tunisian people in solving the political, economic, and social



problems facing the country. It was the common desire of the people in various strata to get rid of "old-man politics," and let the younger generation administer the state.

**Old-Man Politics in China Will Cause Trouble [subhead]**

The change in the political situation in Tunisia ideologically disturbed Deng Xiaoping just as Wang Hongwen's remarks had done 10 years ago. As revealed by well-informed sources, Deng Xiaoping paid close attention to the reaction of various strata to the fall of Bourguiba. He also discussed with others the lesson which China should learn from this incident.

Deng Said: "China Is a Big Country. If We Fail To Arrange for Successors to Our Cause, There Will Be Great Trouble When It Happens and the Mess Will Be Difficult To Clear Up!" [subhead]

In a later speech, he stressed with deep emotion: "The Bourguiba affair has occurred in Tunisia. Bourguiba was a founding member of the national liberation movement, and enjoyed very high prestige in Tunisia. He is 84 years old, 1 year older than me. He was reluctant to make arrangements concerning his successors. As a result, other people made arrangements for him. China is a big country. If we fail to arrange successors for our cause, there will be great trouble when it happens, and it will be difficult to clear up the mess."

Deng Xiaoping Announced That He Would Gradually Disappear From the Affairs of the Party and State [subhead]

When talking about himself, he pointed out: "After discussing the matter with several comrades, they and I originally intended to retire together. But many people did not agree with the plan. Eventually, we decided to partially retire. However, I am already 83, and do not know when I will fall. Even if I do not fall, I will some day become muddle-headed as Bourguiba did. As a result, I will either make mistakes, or be repudiated by other people. Therefore, semiretirement is a transitional method. I will try not to bother about specific work as best as I can."

"My task is to let myself gradually disappear from the party and state affairs!" This was what Deng Xiaoping said in front of a friend.

**I Believe Younger People Can Do Better [subhead]**

On 16 November when Deng Xiaoping was meeting with a visiting Japanese Socialist Party delegation, he stressed that older people should resolutely retire at the height of their official career. He also stated that after the 13th CPC National Congress, "The load on my shoulders has been lightened. I have now become a very relaxed man."

When the guests said they had expected Deng to do something extraordinary, Deng said: "I believe younger people can do better than I can."

After the 13th CPC National Congress, the CPC established a central leading body with Zhao Ziyang as its nucleus. Zhao's achievements in Sichuan and in other regions, and his achievements as prime minister show that he is a leader with an outstanding capability for leadership. The reason Deng feels relaxed is that he believes that there will be no lack of successors to carry on the revolutionary cause.

Zhao Ziyang has said on many occasions that when he encounters important problems, he will consult Deng Xiaoping. When encountering important problems involving major policy decisions, leaders currently in office will consult experienced senior statesmen who have retired from the political arena. This has happened very often in Japan, and other Western countries. As Zhao Ziyang has stressed, the practice will enable him to do his work better. This action is necessary, considering the existing national conditions in China.

However, this does not mean that Deng Xiaoping will "hold court from behind a screen." This is because such a practice would run counter to the idea Deng Xiaoping has proposed in recent years of making leading bodies younger. The Bourguiba affair has enabled Deng Xiaoping to further realize the danger of old-man politics. Under such conditions we believe that Deng Xiaoping, who is good at judging and seizing up the situation will never "hold court from behind a screen."

**Commentator on Approach To Election Losses**  
*HK230449 Beijing RENMIN RIBAO in Chinese*  
10 Dec 87 p 4

[Commentator's Article: "Take a Correct Approach to the Question of Losing an Election"]

[Text] It is a normal phenomenon for some cadres to lose in town-and township-level elections as a result of the universal practice of elections in which there are more candidates than the number of seats. Mentally unprepared, some of the losers feel disgraced, and some individuals have a surfeit of complaints and have become passive in their work. Regarding this, party committees and organizational departments at all levels should guide cadres and the masses to have a correct approach to losing an election in which there are more candidates than number of seats.

It is a basic requirement of the building of socialist democratic politics to fully embody the will of the electorate. The implementation of elections in which there are more candidates than seats is an important reform of the electoral system. Practice has proved that such an electoral method is favorable to enabling the electorate to better express their will, to giving the best candidates a chance to show their talents, and to the



embodiment of the principle of cadres' acceptance of higher or lower posts. As elections in which there are more candidates than seats are implemented, there will invariably be losers. The question of who is to win and who is to lose can only be determined by the will of the majority of the electorate.

The reasons for some cadres losing an election in which more than one candidate competes for every job are manifold. Generally speaking, the losers had lost popularity among the majority of the electorate due to their various shortcomings. Of course, we have just begun to adopt the electoral method in which there are more candidates than seats; it is possible that some excellent and more appropriate candidates have lost for more complicated reasons. Even so, those comrades who have lost an election should not nurse grievances and blame the masses; they should continue to work hard, starting with the party's cause, and let the people test and understand them in practice.

As the implementation of the electoral method in which there are more candidates than seats is a reform, it is understandable that failure to adapt to the new practice among the contingent of cadres would take place and that various problems in ideological understanding would arise. Party committees and organizational departments should strive for success in enlightenment. There will be all kinds of talk about comrades who lose an election. Party organizations at all levels should actively do a good job in smoothing things over in this respect, so as to create a benign climate for those cadres who have lost an election to work in their new posts.

In short, the implementation of the electoral method in which there are more candidates than seats may bring about some new conditions and new problems, and party committees should adopt corresponding measures to solve them on the basis of investigation and research so as to push forward the further reform of the electoral system.

**HONGQI on Socialist Structural Reform**  
*HK230715 Beijing HONGQI in Chinese*  
*No 23, 1 Dec 87 pp 39-40*

[Article by Song Tingming (1345 1694 2494): "Why Is It Said That the Socialist Structural Reform Is One More Revolution in Terms of the Breadth and Depth of Social Changes It Has Induced?"]

[Text] China's rural and urban reforms have been implemented for 9 years. In general the period can be divided into three stages: The first stage was from the 3d Plenary Session of the 11th CPC Central Committee, held in December 1978, to the 3d Plenary Session of the 12th CPC Central Committee, held in October 1984. The focal point of the reform was rural reform, while partial experiments and explorations were carried out in urban areas at the same time. The second stage was from the 3d Plenary Session of the 12th CPC Central Committee,

held in October 1984, to the 13th Party Congress in October 1987. The focal point was urban reform and the second phase of rural reform was deepened at the same time. The third stage is since the 13th Party Congress, when political structural reform was put forward on the important agenda of the whole party. China will enter a new stage of all-round political, economic, scientific, and technological and educational reform in this stage. The width of the scope, the profundity of the effects, and the significance of the results of the rural and urban reforms during these 9 years are unprecedented in over several thousand years of the history of Chinese civilization. As pointed out in the report to the 13th Party Congress: "The socialist structural reform is one more revolution in terms of the breadth and depth of social changes it has induced."

First, China's reform is an overall reform involving all-round reform in the realms of politics, economics, and social life. Since the new democratic revolution and since China successfully entered the path of socialism, a socialist political system, which is led by the Communist Party and which has adopted the policy of people's democratic dictatorship, a socialist economic system, which takes public ownership of the means of production as the main body, and an ideology, which follows Marxism, have been established. From an overall perspective, they match the requirements of the development of the social productivity of China and have promoted China's economic development. As a result, the economic power and defense capability of China have been greatly strengthened, and educational, scientific, and cultural undertakings have also achieved significant development. However, due to the fact that China is still in the initial stage of socialism, the level of development of productivity is not high, the commodity economy is not developed, and science and technology are backward, and, in addition, that it has been affected by foreign models and "leftist" thinking for a long time, the economic structure, political structure, and other concrete systems and regulations of China have many drawbacks and the development of productivity has been constrained. For instance, in the political structural aspect, the phenomena of failure to separate party from government and to substitute government for party are very common. In addition, power is excessively centralized, and basic level offices and enterprises do not have the decisionmaking power they should have; government organizations are huge and have too many levels and personnel, while the problem of bureaucratism is very serious; and the cadre personnel system is not sound, no legal concepts are employed in choosing personnel and outstanding people cannot get the opportunity to show their abilities, and malpractices in choosing personnel cannot be avoided. Apart from these things, the social democratic and legal systems are imperfect and the democratic rights of the masses cannot be fully protected, and so forth. Many drawbacks can also be found in the economic structure: Government functions are not separated from party functions, and enterprises are

directly managed by administrative orders and mandatory plans and do not have the power to make production and operation decisions; the roles of the law of value and market mechanism are ignored, thus restricting the development of commodity economy; the structure of the ownership system is too unitary, and enterprises are too eager for results and net profits and have ignored the development of economic sectors with diversified ownership systems; egalitarianism and the practice of "eating from the same big pot" are adopted in distribution, thus dampening the enthusiasm of the workers; and so forth. Apart from these things, in the realm of the superstructure, particularly in the ideological realm, feudalistic and capitalist thinking and the force of habit of small production still have wide influence in society, and so forth. In view of these drawbacks, we can only insist on implementing reform so that these drawbacks can be gradually rooted out and the superiority of the socialist system can thus be brought into full play.

Since the 3d Plenary Session of the 11th CPC Central Committee, reform and the policy of opening-up have been implemented by our party. We started from economic structural reform and first achieved a breakthrough in rural areas through the implementation of the system of contracted responsibilities on the household basis with remuneration linked to output. Then, reform and the policy of opening-up were implemented in urban areas in an all-round manner. In the aspect of economic structural reform, diversified economic sectors and management forms have been permitted and encouraged; expansion of the decisionmaking power of enterprises, the scope of self-management by enterprises, and the practice of enterprises shouldering responsibility for profits and losses have been stressed; individually operated industrial and commercial enterprises have been developed; the leasing system has been adopted by medium-sized and small collective enterprises and small state-run enterprises; and a diversified system of contracted responsibility has been generally adopted in large and medium-sized state-run enterprises. In addition, a socialist commodity economy has been vigorously developed, and the establishment and cultivation of a socialist market system have been accelerated. Moreover, at the same time as the commodity economies for consumption goods and the means of production are being established, markets in essential factors of production, such as funds, labor, technology, information, real estate, and so on have gradually been established to take a decisive step toward the commoditization, socialization, and modernization of production. Moreover, we have also taken the implementation of the policy of opening-up to foreign countries as a long-term basic national strategy. As a result, an opening-up pattern, which was initiated from coastal areas and advanced into inland areas, has been formed. In addition, technology, equipment, funds, and management experience have been brought into China, thus accelerating the take-off of the Chinese economy. In 1985 the party Central Committee successively made decisions concerning the reform of the scientific and technological structure and the reform of

the educational structure, and also carried them out in the whole country. The 13th Party Congress put political structural reform on the party agenda and put forward measures to separate party functions from government functions, to further decentralize power, to reform government organizations and the cadre personnel system, to establish a social consultative communication system, to perfect several socialist democratic political systems, to strengthen construction of the socialist legal system, and so on. The aim of these measures is to reform the present political structure, which emerged from the revolutionary war period and was established in the socialist transformation period, and which has been developed from large-scale mass movements and continual strengthening of mandatory plans. Such all-round structural reform is in fact a comprehensive and profound social revolution.

Second, the reform has not only touched the ideology and mentality of every individual, but pounded many old ideologies that have restricted people's thinking for a long time. This transformation of ideology will run through the entire initial stage of socialism. Structural reform in general is closely related to the transformation of old concepts and the establishment of new concepts. The Chinese nation is a hard-working, intelligent, and brave nation. However, the old ideologies and old habits that had been formed on the basis of small production for several thousand years are deeply rooted. Due to the fact that China had long been under semicolonial and semifeudal rule, people are constrained by the narrow small-production outlook and are satisfied with a self-sufficient natural economy. In addition, affected by the "leftist" guiding ideology, which began in the late fifties, people's minds are bound by ideological yokes. This situation became very acute during the 10-year "Cultural Revolution." In these 9 years of reform, with the transformation of the economic structure, steady growth of industrial and agricultural production, and gradual improvement of the livelihood of rural and urban residents, the mental attitude of people is also being changed in a profound way. The backward, foolish, and outworn ideologies that had been formed over these several thousand years have been pounded by the reform, and the force of habit of being satisfied with the present situation, lazy in thinking, fearful of change and reforms, and sticking to old conventions is being overcome. Moreover, new concepts of market, value, and efficiency and the new concept of respecting knowledge and capable personnel have penetrated the hearts of people day by day. People began to liberate themselves from the shackles of "leftist" ideology; and a trend of being enthusiastic in reform, brave in development, and realistic in achieving results has begun to take shape. Therefore, in a sense, reform is a profound ideological revolution. Apart from this, we can also see that reform is in fact a readjustment and reallocation of power and benefits, and is concerned with the personal benefit of every individual. For instance, the reform of the price system directly concerns the personal benefit of the 1 billion population; the reform of the wage system is closely

related to the benefit of the 200 million urban residents; the reform of government and party organizations will naturally involve changes in the power and benefits of the more than 200 million state cadres; the reform of investment and materials structures is also a readjustment and reallocation of power and benefits among government offices and between state and enterprises; and so on. The profound depth of the contradictions, poundings, and clashes occurring in the process of structural transformation caused by the reform is a great test to every party member, cadre, and member of the masses. As counted from the mid-fifties, when socialist transformation of ownership of the means of production was basically completed, to the basic realization of socialist modernization, the initial stage of socialism of China will take more than 100 years to complete. During this quite long period, we should insist on sustaining the implementation of reform in various aspects so that our targets can be realized. In the political aspect, socialist democracy should be vigorously established and developed; in the economic aspect, socialist commodity economy should be vigorously developed; and in the cultural aspect, socialist spiritual civilization should be constructed. This is to build China into a prosperous and strong, democratic and civilized modern socialist country. The practices in these 9 years have proved that reform is the only way to vigorously develop China. It accords with the will of the people and the general trend of events and it cannot be reversed. We can only speed up and deepen the reform so that we can advance continuously in the path of socialism with Chinese characteristics.

#### **Reform of Central Party School Planned**

OW222359 Beijing XINHUA Domestic Service  
in Chinese 2358 GMT 21 Dec 87

[Newsletter by XINHUA reporters Xu Xinhua and Zhang Yanping: "Party Spirit, Science and Democracy—On Reform of the Work of the Central Party School"]

[Excerpts] Beijing, 22 Dec (XINHUA)—On 12 October, a "Report on Reforming the Work of the Central Party School" was placed on Comrade Zhao Ziyang's desk.

The report suggests "four new emphases" for reforming the Central Party School with regard to recruitment of students, length of classes, curriculum, and teaching methods, in light of the tasks assigned to the Central Party School by the party Central Committee, the reality of the cadre ranks in the party, and past experience. In recruitment of students, the emphasis will be shifted from recruiting reserve cadres to recruiting incumbent high-ranking and middle-ranking cadres. In length of classes, the emphasis will be shifted from running long classes to running short classes (6-month classes or 1-year classes). In curriculum, the emphasis will be shifted from teaching more specialized knowledge and general knowledge to teaching more Marxist lessons, including the basis of Marxism and the party's line,

principles, and policies. In teaching methods, the emphasis will be shifted from classroom sessions to self-study that integrates theory with practice.

Attached to the report was a letter from Gao Yang, president of the Central Party School. His letter says: "We have decided to open a 40-day study class for presidents of provincial party schools in late November. The class is designed so the provincial party school presidents can discuss questions concerning reform of their schools, since they have studied the documents of the 13th National Party Congress. After this study class and some preparatory work, we plan to hold the third national conference of party schools prior to the winter vacation. We hope that the Central Committee will give instructions or comments on our report at an early date so that we have a guidance for our discussion on the party school reform."

On the next day, 13 October, Comrade Zhao Ziyang wrote on the report the following instruction: "I agree to this in principle. You may go ahead and make preparations. The report will be formally approved after the 13th National Party Congress."

The report submitted by the Central Party School was discussed and approved by the Political Bureau of the 13th CPC Central Committee at its first plenary meeting on the morning of 14 November.

This marked an important step taken by the Central Party School in reform.

The comrades of the Central Party School generally think that the report is a product of seeking truth from facts and adhering to the party's mass line, that its drafting process vividly shows that a smooth proceeding of reform cannot be separated from the party spirit, science, and democracy.

**Stress the Party Spirit and Persist in Doing Everything for the Party's Cause** [subhead]

On 12 March this year, the Central Committee decided to appoint Comrade Gao Yang as president of the Central Party School. Gao Yang, 77, reported for duty at the party school only 1 week after he received the order. He described the appointment as his second "over-age enlistment" (he must have regarded his assumption of the office of first secretary of the Hebei provincial party committee in 1982 as the first one). He said that he had to take the difficult job since the Central Committee had accepted Comrade Wang Zhen's recommendation and decided the appointment. He pledged to work hard with the faculty of the school and to strive to live up to the expectations of the Central Committee and all comrades. [passage omitted]



Because the faculty of the party school persists in doing everything for the party's cause, their enthusiasm for taking part in reform has been fully aroused. [passage omitted]

**Stress Science and Persist in Doing Everything in Consideration of Reality** [subhead]

How should the work of the Central Party School be reformed? At the beginning, Gao Yang had no answer to this question because he had never done directly any party school work before. [passage omitted]

In the next 5 months or so, Comrade Gao Yang held more than 30 discussion meetings and inspected the school facilities. [passage omitted]

After he familiarized himself with the situation of the school, it became easier for him to make plans. At the end of August, he wrote "My Opinion on Reform of the Work of the Central Party School." During discussions later on, the faculty members thought that his opinion is scientific and conforms to reality.

**Stress Democracy and Persist in Coming From the Masses and Going to the Masses** [subhead]

[passage omitted] Gao Yang said: My opinion comes from the masses. Now it has been handed down to all comrades of our school for discussion. Your opinion is solicited. I hope that you will express your views based on your experience, and let us work out a better reform plan together. [passage omitted]

The comrades of the Central Party School told the reporters that Gao Yang's practice of trusting the masses and relying on the masses to discuss the reform plan of the party school deserves recommendation. They think that while all fronts in our country are in a new situation of deepening and accelerating the reform, the task of reform decided by the 13th National Party Congress will surely be successfully completed if the leadership at all levels upholds and carries forward the party's traditions and work style.

**Tian Jiyun at Forum on Letters, Visits**  
*OW221220 Beijing Domestic Service in Chinese*  
*0706 GMT 20 Dec 87*

[By reporter Zhang Yanpin]

[Excerpt] Beijing, 20 Dec (XINHUA)—It was pointed out at a forum on handling letters and visits from the people that the 13th CPC Congress has pointed a clear direction, opened broad prospects, and set higher demands on the work of handling letters and visits in the new era. The forum, convened for a number of provinces and municipalities, ended in Beijing yesterday. It

pointed out that letters and visits should be handled in a way that would meet the needs of the accelerating and deepening reform and serve the basic line in the initial stage of socialism.

The forum was convened by the General Office of the CPC Central Committee and the Letters and Visits Bureau under the General Office of the State Council on 18 December. Tian Jiyun, member of the Standing Committee of the Political Bureau of the CPC Central Committee, went to the forum to meet with the participating comrades. Responsible comrades of the General Offices of the CPC Central Committee and the State Council were present at the forum to discuss with all attendants issues concerning further strengthening the handling of letters and visits in the new era.

Opinion at the forum held that in recent years authorities at various localities and departments have handled lots of letters and visits and strengthened the gathering of information concerning the people's letters and visits. As a result, there is a noticeable decrease in letters and visits from the people. Their efforts in handling letters and visits have helped ensure implementation of the party's various policies, promoted reform and the opening, safeguarded stability and unity, overcome bureaucratism in leading organs, and aroused the initiative of the masses of the people.

It was pointed out at the forum that we should understand the importance of handling letters and visits from the high plane of making the people the masters of the nation; building socialist democracy; and taking a scientific approach in decisionmaking among leading organs. We should fully understand that the handling of letters and visits is a regular but important work for the party and government through which they can maintain contact with the masses of the people. It is also an important channel for the leading bodies and comrades to understand social conditions and public opinion, receive supervision by the masses, and engage in dialogue with the masses. We should support the correct views of the masses, protect their legitimate rights and interests, and remove the doubts in their minds. [passage omitted]

**Gu Mu Attends Hotel Association Inauguration**  
*OW220912 Beijing XINHUA Domestic Service*  
*in Chinese 1213 GMT 18 Dec 87*

[Excerpt] Beijing, 18 Dec (XINHUA)—A transregional association of nine hotels and tourist agencies across the country—the Youyi Hotels Group—was inaugurated today in Beijing. State Councillor Gu Mu attended the inaugural meeting.

The group consists of Kunming Hotel in Yunnan, Youyi Hotel in Beijing, Shaanxi Hotel in Xian, Nanlin Hotel in Suzhou, Huagang and Linping Hotels in Hangzhou, Huanghai Hotel in Qingdao, Xijing Tourist Agency in Shaanxi, and Rongcheng Hotel in Guilin. [passage omitted]

**'Huge Illegal Loan Scheme' Broken Up**  
*HK230344 Hong Kong AFP in English*  
0337 GMT 23 Dec 87

[Text] Beijing, Dec 23 (AFP)—The Chinese authorities have broken up a huge illegal loan scheme involving thousands of people, press reports said here.

In the first half of 1986, "tens of thousands of peasants" in the southeastern province of Fujian, 214 low-level and 48 high-ranking party cadres and more than 1,200 workers contributed some 25 million yuan (6.7 million dollars) into a fund bank-rolling business worth 300 million yuan (81 million dollars), the CHINA LEGAL NEWS said Tuesday.

The newspaper gave no details of how long the scheme had been in operation, nor of what businesses it was involved in, but observers here said it could be similar to once traditional and often illegal Chinese loan associations.

An enquiry showed that 2,700 people were able to undertake illegal activities thanks to the fund, whose operations were also marked by illegal detention, assaults with violence and confiscation of debtors' houses, the newspaper said.

Seven people committed suicide when they could not repay their debts and 27 were roughed-up and had their homes damaged, it added.

The main organizer of the loan scheme, Lin Xiong, was sentenced Monday along with four accomplices on charges of fraud involving some 265,000 yuan (71,600 dollars), the newspaper said without giving details of the sentences.

Such an organisation on this scale was unlikely to have gotten off the ground without the blessing of the local party authorities, observers said.

**Company's Internationalization Approved**  
*OW230619 Beijing XINHUA Domestic Service*  
in Chinese 0846 GMT 22 Dec 87

[Excerpts] Beijing, 22 Dec (XINHUA)—With the approval of the State Council, the China National Chemicals Import and Export Corporation will internationalize its operations and accept overseas contracts on a trial basis. This is another step China has taken to reform the structure of its foreign trade.

The corporation is a specialized foreign trade company with a long history, wide connections, and big capital investment. In the past years it has mainly engaged in importing and exporting petrochemical products. In recent years the corporation has been trying to expand its operations overseas. It has opened crude processing and

open-sea refueling businesses overseas. In Hong Kong it has established two joint venture shipping companies in addition to 23 overseas enterprises. [passage omitted]

Observers here believe that the China National Chemicals Import and Export Corporation's experiment in internationalizing its operations will make it a comprehensive economic entity engaged in production, banking, transport, storage, and service businesses, with trading as its main line. Meanwhile, other existing foreign trade corporations in China should follow this road of operations of combining their main lines with commerce.

**Economist Emphasizes Macroeconomic Efficiency**  
*HK230043 Hong Kong MING PAO in Chinese*  
10 Dec 87 p 14

[Special dispatch from Beijing by Lo Ping (5012 1627): "Economist Li Yining Studies a New Program for Economic Reform"]

[Text] Li Yining, a well-known economist and professor of economics at Beijing University who has long been regarded as the representative of "China's school of new economics," has been studying a macroeconomic model for China. According to him, the principal aim of this model is efficiency. If this model were to be adopted, the gap in income in the country would probably be widened and the unemployment rate would remain at a certain level.

Li Yining made a study of the "initial stage of socialism" earlier this year. He has been concentrating on the study of a socialist macroeconomic model since last June. The kernel of the new model is the idea of "expanding the market and streamlining the government." In other words, a complete market system must be built up and production, supply, marketing, and other activities of enterprises must be regulated basically through the market mechanism; meanwhile, the government staff should be small in size but highly efficient, and its duties should be to work out development plans, set targets, formulate policies, and take care of administrative affairs. Generally speaking, the government should no longer intervene in enterprise activities.

This new macroeconomic model classifies China's major economic problems into four contradictions and offers a clue to solving these problems.

1. The contradiction between equality and efficiency. Li Yining holds that both equality and efficiency are the aims of economic operation. But it is difficult to give equal consideration to both for the moment. The present circumstances in China demand that priority be given to efficiency. In the very beginning, the gap in income will be widened as efficiency is raised. But, after that, the money earning ability of the strata (families) in the lower-income brackets can be raised through investment

in education, and the income of impoverished areas can be increased through bilateral economic association, and thus, the goal of common prosperity will be fulfilled step by step.

2. The contradiction between actual economic results and full employment. According to Li Yining, China should not take full employment as its target for the moment. There are two reasons for this. First, it is hard to clearly define full employment; and, after all, "to strive for full employment for the sake of full employment" will only lower efficiency and add to the burden on the state. Second, a certain level of unemployment (of course we do not mean a high level) encourages moderate competition, which is indispensable for improving workers' techniques, increasing their productivity, and expediting the reasonable flow of manpower. The market will be able to accommodate more and more labor in the wake of economic growth.

3. The contradiction between economic growth and inflation. Some people prefer a lower growth rate as they believe that inflation is due to excessively high economic growth. In Li's opinion, theirs is a one-sided view. To be sure, commodity prices have gone up by a considerably wide margin this year. But this is not due to economic growth. The very solution to this problem lies in an ampler supply of products and an increase in productivity. The economic growth rate should, of course, also be maintained at a well-controlled moderate level, preferably between 7 and 8 %. If we blindly adopt a deflation policy that curtails both investment and credit, the economic vitality of enterprises will be dampened. Thus, due to a lack of impetus, the economy would probably suffer from recession in a couple of years.

4. The contradiction between the balance of international payments and domestic supply-demand relations. An expansion of exports would inevitably aggravate the contradiction between supply and demand in the domestic market, but a balanced international payment demands an expansion of exports. These two economic rules go against each other. Li Yining asserted: As the prices of China's imports and exports can only fluctuate within quite a narrow margin, exports must not be expanded by lowering the renminbi exchange rate. The practice of lowering the renminbi exchange rate has more disadvantages than advantages. To solve this contradiction, we must invigorate foreign trade enterprises by vesting them with greater decisionmaking power. The principle that "whoever earns foreign exchange is entitled to use it" must be upheld, and enterprises must be given a greater power to retain and dispose of the foreign exchange they earn. In so doing, the state's foreign exchange revenue may decrease a little for a while. But, as enterprises are invigorated and gain more foreign exchange, the state will, after all, benefit from it.

It is reported that Li Yining has taken up another task since November. Now he is heading a group of young economists of Beijing University in studying an important topic—China's medium-term program for economic reform (1988-1995).

**Paper Cited on Loans for Export Projects**  
*OW230213 Beijing XINHUA in English 0744 GMT  
22 Dec 87*

[Text] Beijing, December 22 (XINHUA)—Loans for technical upgrading will be used to help expand and upgrade China's export production, the "ECONOMIC DAILY" reported today.

"The loans will be mainly used to aid light industrial and machine projects that can help earn foreign exchange, import technology to produce better quality products and production of noted-brand goods," Zhou Zhengqing, vice governor of the People's Bank of China, was quoted in the paper as saying.

The People's Bank of China is China's central bank.

Zhou said China has already rearranged loans for technical transformation this year, with the focus on export-oriented units producing light industrial goods, textiles, machinery, and electrical appliances. According to an estimate by the Industrial and Commercial Bank of China, 26,000 out of 37,000 projects provided with loans for technical upgrading this year have gone into operation and 3,000 have already paid back their loans. These projects have generated an additional 46 billion yuan in industrial output value and earned or saved a sum of 440 million U.S. dollars.

The vice governor called on banks to limit loans to projects that turn out unsalable goods, ordinary industrial processing projects and capital construction projects.

The policy of more loans for those who export more will be continued next year and more loans will be offered to those who achieve quicker and better economic results.

Banks are urged not to grant loans to enterprises that blindly import foreign equipment and technology that are not urgently needed in China.

**Tax, Price Inspection Yields Good Results**  
*OW220900 Beijing XINHUA Domestic Service  
in Chinese 0747 GMT 21 Dec 87*

[Text] Beijing, 21 Dec (XINHUA)—According to the Taxation, Finance and Commodity Prices General Inspection Office of the State Council, this year's general inspection of taxation, finance, and commodity prices has yielded remarkable results. As of the end of November, evasion of taxes and other payments amounting to 3.92 billion yuan had been discovered, and 2.36 billion yuan of the evaded payments had been collected. At present, the general inspection is being extended further in accordance with an overall plan of the State Council.

A responsible person of the State Council's Taxation, Finance, and Commodity Prices General Inspection Office said: Generally speaking, the general inspection



has proceeded smoothly and properly in the preceding stage. However, there are also some problems. In order to further extend this year's general inspection of taxation, finance, and commodity prices, we should see to the following work before the Spring Festival:

1. Localities, departments, and organizations that failed to conduct a successful self-inspection should seriously carry out a makeup self-inspection and should not merely go through the motions.

2. It is necessary to do a serious and good inspection of selected organizations, particularly large and medium-sized enterprises and departments in charge of economic work. The inspection should cover at least 40 percent of the major enterprises and organizations.

3. It is necessary to pay attention to collecting evaded payments. Efforts should be made to collect before the end of the year all the evaded payments discovered this year.

4. Squandering and indiscriminate issuance of bonuses and subsidies, either in cash or in kind, around New Year's Day and the Spring Festival should be strictly prevented. Such malpractices must be sternly dealt with.

The responsible person of the General Inspection Office pointed out that during the general inspection, we must strictly adhere to policies to firmly protect the legitimate rights and interests of enterprises and other organizations, and resolutely investigate and handle law and discipline violators.

**Oil Industry Plans to Increase Production**  
*HK230656 Beijing CHINA DAILY in English*  
23 Dec 87 p 1

[By staff reporter Xu Yuanchao]

[Text] China's oil industry will continue to focus its attention on the development of new oilfields and untouched reserves next year in an attempt to raise oil production.

The planned production capacity in new regions will account for 70 percent of the country's new capacity next year, Wang Tao, the Minister of Oil Industry, said at a recent work conference for oil exploitation.

The new regions include the Junggar Basin in the Xinjiang Uygur Autonomous Region, Bonan and Bazhaohe in the Shengli Oilfield, Tazhaotun in the Liaohe Oilfield, Kongqing in the Dagang Oilfield, Yingtai and Han'an in Jilin Province and Duosikule in Qinghai Province.

Tan Wenbin, director of the ministry's oil exploitation department, said the production target for crude oil next year would be 137 million tons and the capacity to be built in the new regions would reach 12.38 million tons.

By the end of 1990, China plans to turn out 150 million tons of crude oil, of which 2 million tons are expected to come from offshore wells, he said.

In the next three years, the oil industry will have to increase its output by 16 million tons to meet this goal.

Therefore, oil development authorities will try to use modern technology in the new wells and to strengthen management to achieve the best possible results, Tan said.

By the end of this year, crude oil output will reach an estimated 134 million tons and natural gas production 137.5 million cubic metres, he said. This is the sixth successive year oil production has increased since the State Council decided in 1981 to implement a production quota contract system in oilfields throughout the country.

Wang called the oil industry a mainstay of China's economy. Over the past 38 years, the industry has made many important contributions to the country's economic construction, he said.

During the Sixth Five-Year Plan, (1981-85), Wang said, the pre-tax profits turned over to the State by oilfields and petrochemical enterprises accounted for 17 percent of China's total.

Foreign exchange earnings from oil exports amounted to more than 20 percent of the country's total export value.

"But the oil industry cannot adapt completely to the needs of economic development," he said.

In the last five-year plan, gross industrial and agricultural output value increased by 11 percent a year on average while oil output grew by only 3.35 percent.

If China is to hit its target of producing 150 million tons of crude oil a year by 1990, oil production will have to increase 3.7 percent annually.



## East Region

### Anhui Secretary on Party Style Rectification

OW230633 Hefei Anhui Provincial Service  
in Mandarin 1200 GMT 19 Dec 87

[Text] On the morning of 18 December, Secretary Li Guixian and Deputy Secretary Xu Leyi of the Anhui Provincial CPC Committee and Niu Xiaomei, member of the Standing Committee and director of the Propaganda Department of the provincial party committee, held an animated discussion and dialogue on problems of rectification of party style and the reform of the political and economic structures with responsible comrades of prefectures, cities, departments, and bureaus attending a class for studying the documents of the 13th Party Congress in Hefei.

Some comrades asked Comrade Li Guixian: After he recently sternly criticized some cadres in the province for following a seriously unhealthy party style, what concrete plans and measures has the provincial party committee adopted to rectify the party style?

Comrade Li Guixian said: Basically speaking, the party style can be rectified only by deepening the reforms and running the party in a strict manner. The party style cannot be improved tomorrow just because we have discussed it today. It takes some time to improve the party style. After studying the documents of the 13th Party Congress, the provincial party committee has made some tentative plans in this regard. But these plans have to be collectively discussed and decided by members of the provincial party committee.

On the improvement of socialist democracy, Comrade Li Guixian said: Democracy should be developed according to the conditions of our country. Proceeding from the theory of the initial stage of socialism, we should continue to increase political transparency. In so doing, we cannot go beyond the actual conditions of the present stage. We shall never allow what is known as "great democracy."

On the training of cadres, Comrade Xu Leyi said: It is an urgent task to improve the quality of cadres. The party Central Committee now pays close attention to the progress of reform in party schools. The system and methods for training cadres should be further reformed.

Responsible comrades of prefectures, cities, departments, and bureaus spoke at the discussion one after another about what they had learned in studying the documents of the 13th Party Congress. The discussion was lively.

### Wang Guangyu Attends Anhui People Congress

OW181341 Hefei Anhui Provincial Service  
in Mandarin 1200 GMT 17 Dec 87

[Text] The Standing Committee of the Sixth Anhui Provincial People's Congress began its 33rd meeting on the morning of 15 December. Chairman Wang Guangyu of the standing committee presided over the meeting. He said: The report to the 13th CPC National Congress is a historic document. The theories and basic line for the initial stage of socialism mentioned in the report are of great significance in guiding us to march forward. The current meeting will provide us with a good opportunity to study the documents of the 13th CPC National Congress. We must study hard and master the guidelines laid down by the documents and follow these guidelines in doing our work. Vice Chairman Wei Xinyi of the Standing Committee of the Anhui Provincial People's Congress briefed those attending the meeting on how NPC deputies studied the documents of the 13th CPC National Congress at the 23d session of the 6th NPC Standing Committee and about the guidelines laid down by this session.

At the plenary session held on 16 December, (Liu Chang), deputy secretary-general of the standing committee of the provincial people's congress, gave an explanation on the draft resolution on the convocation of the first session of the 7th Anhui Provincial People's Congress. (Wei Ruifeng), vice chairman of the Urban and Rural Construction Committee, made an explanation on the revision of the draft regulations for land management in Anhui and a report on the request submitted by the Standing Committee of the Hefei City People's Congress for the approval of two regulations. (Wang Qin), vice chairman of the Standing Committee of the Hefei City People's Congress, delivered a speech on protecting water reservoirs and water resources in Hefei City and on environmental protection of the Hefei Park.

Those attending the meeting also heard a report delivered by (Gao Ziming), Vice Chairman of the Election Committee under the standing committee of the provincial people's congress on the election of deputies to the county and township people's congresses in Anhui for a new term of office. Entrusted by the provincial people's government, (Jiang Huoqing), director of the provincial Department of Civil Affairs, delivered a report on the development of basic-level political power in Anhui. In the afternoon of 16 December, members of the standing committee of the provincial people's congress began their discussions. Xia Deyi, vice chairman of the standing committee of the provincial people's congress, presided over yesterday's plenary session. Attending the session were vice chairmen of the standing committee Su Hua, Zheng Rui, Yang Chengzong, Zhao Minxue, Ying Yiquan, Kang Zhijie, Zheng Huaizhou and Chen Tingyuan. Attending the session as observers were Wang Sheyun, Vice Governor of the Anhui Provincial People's Congress; and Feng Jianhua, chief procurator of the provincial people's procuratorate.

**Fujian Party Committee Work Conference Ends**  
*OW190502 Fuzhou Fujian Provincial Service  
in Mandarin 1100 GMT 17 Dec 87*

[Text] A 7-day work conference of the provincial party committee ends today. The meeting, an important one for invigorating Fujian, fully carried out the guidelines of the 13th Party Congress through an overall ideological communication, with an eye to mapping out a major plan for reform, opening to the outside world, and construction. This meeting [words indistinct] embodied the spirit of reform and the policy of opening to the outside world. Nearly a month before the actual meeting, a series of preparatory meetings was held to encourage comrades from all departments, prefectures, and cities to discuss the current situation, find out differences, set goals and suggest measures. During the meeting, comrades from departments under the direct administration of the provincial government, personages from various democratic parties, and nonpartisans attended the meeting as observers. A lively atmosphere, with the spirit of reform, opening to the outside, democracy, and unity was felt in and outside the meeting.

Participants reviewed Fujian's stand on reform and the open policy over the past 9 years, by summing up lessons and experiences and analyzing the actual provincial, city, and county conditions, thus better understanding the situation and enhancing the sense of urgency and responsibility. Through discussions and dialogue, as their ideological thinking was channeled to the guidelines of the 13th Party Congress, they reached a more identical view on Fujian's strategy of carrying on development at an appropriate speed, thus, with stronger confidence, stipulating measures and further confirming that, in the course of reform and opening to the outside, Fujian must exert great efforts to promote an export-oriented economy.

Comrades attending the meeting believed that the objectives set at the meeting were attainable. Currently, with favorable conditions and pressing situations, everyone feels restless with the heavy burden and great responsibility required to achieve those objectives. At today's session, comrades from various departments under the direct administration of the provincial government, prefectures, and cities, launched a lively discussion on how to carry out the guidelines of the work conference of the provincial party committee. They all believed that it was necessary to carry out reform and take action with vigor in order to help the various work proceed at an agreeable, faster pace towards a new stage of development.

**Jiangsu Leaders Speak at Army Meeting**  
*OW220823 Nanjing Jiangsu Provincial Service  
in Mandarin 2300 GMT 19 Dec 87*

[Text] On the evening of 18 December, the Jiangsu provincial party committee and the provincial government held a salute-the-army soiree for the leading comrades of the Nanjing Military Region.

Han Peixin, secretary of the provincial party committee, spoke at the meeting. He made a report on the progress made by Jiangsu Province in economic construction, reform, and opening to the outside world in the past year, and thanked the Nanjing Military Region and PLA commanders and fighters in Jiangsu for their energetic support of Jiangsu's work. He pledged to thoroughly study and seriously implement the guidelines of the 13th Party National Congress, take economic construction as the central task, uphold the four cardinal principles, accelerate reforms and opening to the outside world, carry forward fine traditions, do a good job in supporting the Army and giving preferential treatment to army families, and improve the work in all fields in Jiangsu.

Xiang Shouzhi, commander of the Nanjing Military Region, also spoke. He warmly praised the achievements made by Jiangsu Province in economic construction, reform, and opening to the outside world, in supporting the Army and giving preferential treatment to army families, and in supporting the army's revolutionization, regularization, and modernization. He pointed out that from now on, we should continue to strengthen the army-government unity and the army-people unity, and strive to make still greater achievements in strengthening national defense and in protecting and supporting local socialist modernization.

Gu Xiulian, deputy secretary of the provincial party committee and Governor of Jiangsu, presided over the soiree, during which the comrades from party, government, and army organizations chatted cheerfully and Nanjing's theatrical troupes gave excellent performances. The soiree was filled with a warm atmosphere of the Army cherishing people and people supporting the Army.

Present at the gathering were Xiang Shouzhi, Fu Kuiqing, Guo Tao, Zhang Ming, Liu Lunxian and Yu Yongbo of the Nanjing Military Region; responsible comrades of major departments, military schools, and units at and above the corps level under the Nanjing Military Region; and leading comrades of Jiangsu Province Han Peixin, Gu Xiulian, Chen Huanyou, Zhou Ze, Chu Jiang, and Qian Zhonghan.

**Shandong's Liang Commends Opera Troupe**  
*SK230728 Jinan Shandong Provincial Service  
in Mandarin 2300 GMT 22 Dec 87*

[Excerpts] A group of new Beijing opera performers made themselves up and went on stage at the Shandong Theater to receive the exquisite golden trophies and certificates of merit issued by provincial party, government, and army leading comrades on the evening of 22 December.

The province chose 20 young Beijing opera performers from 49 performers who won provincial exquisite golden trophies and sent them to Beijing to participate in the

national television contest of young Beijing opera performers held recently in Beijing. They enjoyed a favorable response and made a stir in the capital by singing, acting, reciting, and performing acrobatics. At the national television contest of young Beijing opera performers, 3 provincial performers won the award for best performance, 1 won the award for outstanding performance, and 16 won the opera-appraisal award. Shandong Province's troupe placed third in the team competition. [passage omitted]

Jiang Chunyun, deputy secretary of the provincial party committee and acting governor of the province, spoke at the meeting to commend these outstanding performers on the evening of 22 December. [passage omitted]

Also attending the meeting and seated on the rostrum were Liang Buting, secretary of the provincial party committee; Lu Maozeng, deputy secretary of the provincial party committee; Jiang Chunyun, deputy secretary of the provincial party committee and acting provincial governor; Su Yiran, chairman of the provincial Advisory Commission; Zhang Zhijian, deputy commander of the Jinan Military Region; Wang Jinshan, vice chairman of the provincial Advisory Commission; Li Farong, secretary of the provincial Discipline Inspection Commission; Li Zhen, chairman of the provincial People's Congress Standing Committee; and some veteran comrades, including Zhao Lin, Qin Hezhen, and Wang Zhongyin.

Miao Fenglin, member of the provincial party committee and director of the provincial Propaganda Department, presided over the meeting.

**Shandong Holds Rally To Commend Athletes**  
*SK220911 Jinan Shandong Provincial Service*  
*in Mandarin 2300 GMT 21 Dec 87*

[Excerpts] On the evening of 21 December, the provincial party committee and government held a rally to welcome ceremoniously and to commend the Shandong provincial delegation returning from the Sixth National Games at the Shandong gymnasium.

Attending the rally and taking the seats in the front row of the rostrum were Liang Buting, Lu Maozeng, Jiang Chunyun, Su Yiran, Li Jiulong, Song Qingwei, Lin Jigui, Wang Jinshan, Li Farong, Li Zhen, Li Zichao, Chen Renhong, Zhao Lin, Qin Hezhen, and Wang Zhongyin. Also taking seats in the front row were other responsible comrades of the party, government, and army organs. Delegates from the masses and from all walks of life in the province and Jinan City, totalling more than 6,000 people, attended the rally.

The rally was presided over by Vice Governor Ma Zhongchen. Ma Changgui, vice governor and leader of the Shandong provincial sports delegation, first reported on the delegation's experience in attending the national games. [passage omitted]

Lu Maozeng, deputy secretary of the provincial party committee, gave a speech at the rally on behalf of the provincial party committee and government. He appraised highly the outstanding achievements of our provincial athletes in doing their best at the national games and their good sporting habits. He said: Invigorating Shandong's sports is the common wish of our provincial people. It is hoped that the broad masses of sports personnel will foster lofty ideals and set high goals and strengthen their sense of urgency of invigorating Shandong's sports and their sense of mission. [passage omitted]

At the rally, Ji Mingtao, chairman of the provincial physical culture and Sports Commission and deputy leader of the Shandong provincial sports delegation, read a letter of thanks from the Shandong provincial sports delegation to the people throughout the province. Amid the lively playing of music, principal responsible comrades of the provincial party, government and army organs presented certificates of award, certificates of citation, and banners to the outstanding athletes, sports teams, and advanced collectives as well as units that actively supported the Shandong provincial sports delegation.

Before the rally, leading comrades, including Liang Buting and Li Jiulong, cordially met with gold medal winners, including Wang Xiuting.

**Central-South Region**

**Guangxi Leaders Attend Forum on Education**  
*HK220901 Nanning Guangxi Regional Service*  
*in Mandarin 1030 GMT 19 Dec 87*

[Excerpts] The autonomous regional party committee and autonomous regional people's government yesterday morning and this morning held a forum on education at the auditorium of the regional party committee. The forum heeded the opinions of people of educational circles, studied ways to implement the spirit of the 13th National Party Congress in our region, and studied issues concerning the work of speeding up and deepening reform of education.

Attending the forum were nearly 40 people including leaders from the autonomous regional Education Department and Nanning City Education Department, responsible persons from the region's universities and colleges and also from a number of middle and primary schools, veteran educators, well-known figures, as well as representatives of the scientific and technological circles.

Also attending the forum were (Guang, Wei Chunshu, Jin Baosheng, (Zhong and Cheng Kejie, leading comrades from the regional party committee and regional government, as well as Shi Zhaotang, vice chairman of the autonomous regional People's Congress Standing Committee.



During the forum, (Wei Shanmei), secretary of the the leading party group in the regional Education Department, said: In his political report to the 13th National Party Congress, Comrade Zhao Ziyang called for giving first priority to education. This shows that the party Central Committee attaches major importance to education. To enable education to suit the needs of economic construction, we must go in for readjustment, tapping potentials, overall planning, transferring power to lower units, reinvigoration, and standard raising. Readjustment primarily means readjusting the educational structure. Our current educational setup comprises five sectors: Elementary education, vocational education, adult education, higher education, and teacher-training education. All these five sectors now show one-sidedness with irrational structures. They require readjustment. [passage omitted]

The common aspirations of the participants in the forum are to seek unity of thinking in line with the spirit of the 13th National Party Congress and to give first priority to education for the purpose of making great contributions to revitalizing the economy of our region.

**Hubei Secretary Denounces Corruption in Party**  
*OW230815 Beijing XINHUA in English*  
0707 GMT 23 Dec 87

[Text] Beijing, December 23 (XINHUA)—A leading official in central China's Hubei Province blamed corruption within the Communist Party as obstructing the reform and opening to the outside world, the "PEOPLE'S DAILY" reported today.

Speaking at an enlarged session of the Hubei Provincial Party Committee Tuesday, Guan Guangfu, secretary of the provincial party committee, criticized corrupt officials within the party. He said some party cadres think of themselves before others at every turn; some do not take the interests of the whole into account and adhere to selfish departmentalism; some seek inflated reputation and strive for fame and wealth; some use flattery and favours and hand out official posts and make lavish promises; some are irresponsible for their work and eat their fill and sit dosing in their offices all day long. He said, Hubei has a population of 50 million including two million party members, with one million of them at leading posts. The reform and opening to the outside world has brought the province vitality and also new demands of party-building for party organizations at various levels.

He pointed out that the party members in Hubei are basically good but a number of them are not qualified or less qualified. A few party cadres make use of their official positions and influence to seek personal privileges and encroach upon the interests of the party and the masses, thus obstructing the reform and opening to the outside world.

He said, the provincial party committee will never indulge corruption. He called on the party organizations to perfect the rules and regulations governing party activities and work, enhance democracy and supervision within the party and timely get rid of corruption to ensure the implementation of the reform and open policy.

**Hubei Secretary Attends Preparatory Meeting**  
*HK221417 Wuhan Hubei Provincial Service*  
in Mandarin 1000 GMT 20 Dec 87

[Text] The Eighth Plenary Session of the Fourth Hubei Provincial CPC Committee was held in Wuchang on 19 and 20 December. Attending this session were 47 members and 10 alternate members of the provincial party committee, 43 members of the provincial Advisory Commission, and 34 members of the provincial Discipline Inspection Commission. The secretaries of some prefectural, city, and autonomous prefectural party committees and responsible persons of the departments concerned of the provincial party committee attended the session as nonvoting delegates.

The participants discussed in groups the work report to be made by the provincial party committee standing committee at the eighth enlarged plenary session of the fourth provincial party committee. The comrades attending the session seriously and enthusiastically discussed this report and put forward views on revision.

It was decided at the session that the Eighth Enlarged Plenary Session of the Fourth Hubei Provincial CPC Committee should be held in Wuchang from 21 to 28 December. The main subject of this session is to penetratingly study and understand the spirit of the 13th National Party Congress, to study the views for further implementation in conjunction with the realities of our province, and to make overall arrangements for the work of the party throughout the province in 1988.

At the preparatory meeting held on the evening of 18 December, Comrade Guan Guangfu, secretary of the Hubei Provincial CPC Committee, discusses the guiding ideology, method of convocation, and demands of this plenary session and the enlarged plenary session.

**Southwest Region**

**Guizhou's Hu at Meeting on National Games**  
*HK200435 Guiyang Guizhou Provincial Service*  
in Mandarin 2300 GMT 12 Dec 87

[Excerpts] On the afternoon of 12 December, the provincial government held a gathering at the auditorium of the provincial CPPCC Committee to celebrate the achievements of the provincial sports delegation at the Sixth National Games.

Leading comrades of the provincial party committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress, the provincial government, the provincial CPPCC Committee, and the provincial Military District Hu Jintao, Wang Chaowen, Liu Zhengwei, Ding Tingmo, Long Zhiyi, Su Gang, Zhang Shukui, and Jiao Bin and veteran comrades Xu Jiansheng, Li Tinggui, Qin Tianzhen, and Wu Shi attended the gathering. Commissioners of prefectural administration offices, chairmen of autonomous prefectures, and city mayors also attended the gathering. [passage omitted]

Wang Chaowen, deputy secretary of the provincial party committee and governor, and Su Gang, chairman of the provincial Advisory Commission, spoke at the gathering. [passage omitted]

**Wu Jinghua Attends Xizang CPC Meeting**  
*HK230613 Lhasa Xizang Regional Service*  
*in Mandarin 1130 GMT 20 Dec 87*

[Excerpts] On the morning of 18 December, the regional party committee held a meeting of cadres of all departments, commissions, and bureaus at the regional level in the hall of the regional government to report and exchange experiences in studying the documents of the 13th CPC National Congress. Leading comrades of the regional party committee, including Wu Jinghua, Raidi, Dangzin, Gyanincain Norbu, and Hu Songjie, attended the meeting on 18 December. Basang, deputy secretary of the regional party committee, presided over the meeting.

At the meeting, leaders of seven units, including the regional Cultural Department, the Xizang Institute of Social Sciences, the regional Public Health Department, the Organization Department, XIZANG RIBAO, the regional Agricultural Commission, and the regional Communications Department, respectively reported and exchanged their study experiences. The leaders' common characteristics are that they attach importance to and personally grasp study, study repeatedly, mobilize, and make arrangements. They make specific arrangements and set demands. In conjunction with the current realities of splitting and the antisplitting struggle, they conduct education in patriotism and nationality solidarity through study, and further enhance understanding of the disturbance and its background, sources, harmful effects, and [words indistinct]. Study is conducted in many forms, with emphasis laid on the key points. They universally do a good job in organizing cadres at and above the county level to study. The central study groups have been restored. Work in all areas is linked with work at key points and work in all areas and at key points promote each other so that study in organs at the regional level can gradually develop in depth.

Dangzin, deputy secretary of the regional party committee, spoke at the meeting. He first talked about the importance of studying the documents of the 13th CPC

National Congress. The understanding of the importance of study has a bearing on the deepgoing study of the documents of the 13th CPC National Congress and [words indistinct]. However, some comrades fail to understand this importance. It is necessary to solve this serious problem. The key to studying the documents of the 13th CPC National Congress lies in conducting education in the party's basic line at the initial stage. The theory of the initial stage of socialism [words indistinct] all social phenomena at the present stage. It has not been copied from books, nor has it come from foreign countries. It is the summation of the experiences of our country over the past 30 years. The theory of the initial stage of socialism which has been put forward by our party is the basis for the basic line. Therefore, only by seriously and thoroughly studying the theory of the initial stage of socialism and the basic line can we successfully implement the spirit of the 13th CPC National Congress. [passage omitted]

He hoped that leading cadres at all levels would grasp the key problems, solve the problems of our ideology and understanding, inspire enthusiasm, and plunge into the mighty torrent of reform.

Basang, deputy secretary of the regional party committee, summed up the experiences of the seven units. He affirmed that the great majority of the units of the organs at the regional level had done well in study at the previous stage and that leadership was correct. At the same time, he also pointed out the existing problems. A small number of units did not attach sufficient importance to study or take effective measures. Some individual units did not work out plans for study. Although some units had worked out plans, they did not carry them out well. Some units [words indistinct] and did not deal with the problems sufficiently.

He said: Whether or not we can successfully study the report made at the 13th CPC National Congress has a bearing on the major problem of whether or not all tasks put forward by the congress can be smoothly carried out, on the success or failure of reform, and on the major problem of whether or not every aspect of work in our region can be successfully carried out according to correct guiding ideology.

Regarding how to further strengthen leadership and how to develop in depth the study of the documents of the 13th CPC National Congress, Comrade Basang said: According to the arrangements made by the regional party committee, we must organize the study of special subjects, completely and correctly grasp the basic spirit of the documents, and lay stress on the grasp of the theory of the initial stage of socialism and of the party's basic line. However, the key to whether a unit studies well or not lies in leadership. Therefore, leaders at all levels must not only study well by themselves but also seriously organize and lead the cadres and workers of their own units and systems to study well. It is necessary to develop study in depth. He made the following

demand: The propaganda, theory, press, publishing, and cultural departments must study well by themselves and continue to do well in grasping the publicity of the 13th CPC National Congress. It is essential to give full play to the disseminating, leading, and encouraging roles of all means of propaganda and to push forward study in all areas.

In conclusion, Comrade Basang said: It is imperative to link study of the spirit of the 13th CPC National Congress with the current work. All units must guide and organize this year's work with the spirit of the 13th CPC National Congress and make arrangements for next year's work.

### North Region

#### **Beijing Party Committee Closes 4 Departments** *OW221543 Beijing XINHUA in English* 1528 GMT 22 Dec 87

[Text] Beijing, December 22 (XINHUA)-Taking a concrete step toward separating the party from government, the party committee of Beijing's largest district has abolished four departments whose functions overlap with those in the district government, "BEIJING DAILY" said today.

The separation of party and government functions, which is an important part of China's political structural reform, began in Haidian District late last year. The Commerce Department of the district party committee was the first to be phased out. Then the Education Department, the Rural Affairs Department and the Street Affairs Committee were also dismantled.

The eight companies previously subordinated to the Commerce Department also dismissed their party committees. Their leaders are now free to put more of their focus on business activities.

After the Commerce Department was abolished, a new, stream-lined, government-controlled Commerce Committee was established, which includes some people from the old department. The new committee now is in charge of everything related to commerce in the district.

One adversely affected cadre said, "The separation of the party from government functions is necessary. It gives the party more time to handle its own affairs and offers the business administrators real authority. As far as I am concerned, I will accept whatever I am instructed to do."

The paper pointed out that the step taken by the district has brought the functions of government organizations into full play. Now the government-controlled rural affairs office exercises full power, void of past competition with the former rural affairs department. It concentrates its efforts on agricultural production and offers advice on the development of the rural economy.

The newspaper commented that the party committee, while not directly involved in business, will fulfill important duties, such as directing ideological education, and ensuring that the party's principles and policies, along with state laws and regulations, are being carried out.

#### **Tianjin Marks 3rd Year of Economic Zone** *SK220729 Tianjin TIANJIN RIBAO* in Chinese 7 Dec 87 p 1

[Text] On the evening of 6 December at the municipal people's gymnasium, a theatrical party was held to mark the third founding anniversary of the Tianjin Economic Development Zone. Prior to the theatrical party, leading comrades of the municipal party committee, the municipal People's Congress Standing Committee, the municipal government, and the municipal CPPCC Committee, including Li Ruihuan, Wu Zhen, Nie Bichu, and Zhang Zaiwang, received responsible persons of the development zone and managers of Chinese and their foreign counterparts of various joint venture enterprises; congratulated them on their pioneering achievements scored over the past 3 years; and encouraged them to make continued efforts to build a better development zone.

During the reception, Li Ruihuan first introduced the principal leading comrades of the municipal party committee, the municipal People's Congress Standing Committee, the provincial government, and the municipal CPPCC Committee to managers of foreign sides of the joint venture enterprises; and congratulated them on their fruitful achievements over the past 3 years. Addressing these managers Li Ruihuan also said: The investment environment and living conditions in the Tianjin development zone lag far behind those of your hometowns. Leaving your native places, you have come here to work hard for the friendship and cooperation between Tianjin and your countries, regions, and enterprises, and thus made great contributions to building the Tianjin development zone. I thank you on behalf of the people of Tianjin.

Li Ruihuan said: I understand there are still some practical problems for you in building development zones and initiate joint venture enterprises in China. Recently, in building a better Tianjin Economic and Technological Development Zone, we decided to assign some pertinent leaders of the municipality to conscientiously discuss the ways to solve problems in running joint venture enterprises and carrying out cooperations together with responsible persons of the various joint venture enterprises at the development zone.

Li Ruihuan's remarks were responded with warm applause from the managers of the Chinese and their foreign counterparts of the joint venture enterprises.

At the theatrical party, literary and art workers of Beijing, Shanghai, and Tianjin staged brilliant performances.



Joining the reception and attending the party were the municipal leading Comrades He Guomo, Bai Hualing, Bai Hua, Shi Jian, Yao Jun, Li Changxing, Xiao Yuan, Liao Canhui, Zheng Wangtong, and Huang Yanzhi; as well as veteran Comrades Liu Gang, Wang Enhui, and Li Zhongyuan.

### Northeast Region

#### **Heilongjiang's Sun at Armed Forces Meeting** *SK230640 Harbin Heilongjiang Provincial Service* *in Mandarin 2200 GMT 22 Dec 87*

[Text] On 22 December the Heilongjiang Provincial Military District held a meeting of first secretaries of the party committees of military sub-districts and people's armed forces departments. The meeting stressed the need to adapt to the situation in accelerating and deepening reform and to strengthen party leadership over the people's armed forces work.

Over the past 2 years, the militia work and the work concerning reserve forces of our province have developed comprehensively and new ideas have been brought forth constantly under the leadership of the provincial military district and party committees and governments at various levels of various localities. They have played a positive role in building the two civilizations.

At the meeting, on behalf of the Standing Committee of the provincial Military District party committee, Ma Chunwa, political commissar of the provincial Military District, summarized the situation in our province's People's Armed Forces work carried out since the change of the system of the People's Armed Forces Departments. He also formulated plans for the next steps of the militia and the reserve forces work.

In his speech, Sun Weiben, first secretary of the party committee of the provincial Military District, put forward four demands on further strengthening leadership over the work of the party's taking charge of People's Armed Forces. They are: to foster a clear sense of national defense; to attach full importance to the building of reserve forces in peacetime; to strengthen the work of the party's taking charge of People's Armed Forces in the process of deepening reform; and to conscientiously adhere to the dual-leadership system and the basic guiding ideology for militia work in the new period and further organize and mobilize militiamen and personnel in reserve service to participate in the building of the two civilizations.

Sun Weiben urged party committees and governments at various levels to upgrade the People's Armed Forces work of their own localities and departments to a new level in their process of studying and implementing the documents of the 13th Party Congress and of relaying and implementing the guidelines of the enlarged plenary session of the provincial party committee.

Also attending the meeting were Hou Jie, deputy secretary of the provincial party committee and provincial governor; Chen Yunlin, deputy secretary of the provincial party committee and provincial vice governor; Zhou Wenhua, deputy secretary of the provincial party committee; and Wang Haiyan, Qi Guiyuan, and Wang Zhao, members of the Standing Committee of the provincial party committee.

#### **Heilongjiang To Hold Congress in May 1988** *SK220753 Harbin Heilongjiang Provincial Service* *in Mandarin 1000 GMT 21 Dec 87*

[Text] On the morning of 21 December, the Eighth Plenary Session of the Fifth Heilongjiang Provincial CPC Committee approved by a show of hands the resolution on convening the Sixth Heilongjiang Provincial CPC Congress in late May 1988.

The resolution adopted at the session includes the major items on the agenda of the sixth provincial party congress, which are to hear and examine the report of the fifth provincial party committee, the report of the provincial Advisory Commission, and the report of the provincial Discipline Inspection Commission; and to elect the party's leading organs at the provincial level. The number of delegates to the sixth provincial party congress will be around 650, who will be elected by the electoral units authorized by the provincial party committee in line with the electoral regulations of the party's Constitution and the number of delegates distributed by the provincial party committee, and by convening a party congress or a representative meeting.

During the session the provincial party committee called on party organizations and party members at all levels to deeply study and implement in an overall way the spirit of the 13th CPC Congress, to uphold the party's basic line in which our country is still in the initial stage of socialism, to unswervingly take the lead in conducting reforms, and to unite as one in waging arduous struggle in order to greet the convocation of the sixth provincial party congress with outstanding achievements.

Comrade Sun Weiben presided over the session on the morning of 21 December. Attending the session were 63 persons, including the members and alternate members of the provincial party committee.

Attending the session as observers were party-member personnel from the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress, the provincial People's Government, and the provincial CPPCC Committee.

#### **Heilongjiang Enlarged CPC Plenum Ends 21 Dec** *SK220745 Harbin Heilongjiang Provincial Service* *in Mandarin 1000 GMT 21 Dec 87*

[Excerpt] After a 4-day meeting, the Eighth Plenary Session of the Fifth Heilongjiang Provincial CPC Committee successfully concluded at the Beifang Building of

Harbin City on 21 December. On the basis of earnestly studying the spirit of the 13th CPC Congress, the session studied and discussed the issue of how to do a good job in formulating the target of development for the latter 3 years in the 7th 5-year Plan period in line with the tasks adopted at the 13th CPC Congress and in making major work arrangements for 1988.

During the session the participating comrades earnestly studied the relevant documents adopted at the 13th CPC Congress and heard and discussed the report delivered on behalf of the provincial party committee by Sun Weiben, secretary of the provincial party committee, entitled "Emancipate Minds, Deepen Reforms, and Be Sure To Improve the Province's Work to a New Level." During the discussion the participating comrades unanimously contended that Comrade Sun Weiben's report reflects the spirit of the 13th CPC Congress, that his analysis in the report on the province's situation is in conformity with the reality, and that tasks put forward by him in his report for improving the province's work to a new level inspired the people very much. After analyzing the report, they contended that judging from the situation of the province as a whole, the province has had considerably favorable basic foundations for improving the province's work to a new level, which are as follows: 1) The convocation of the 13th CPC Congress has provided a strong theoretical foundation for us to further emancipate minds. 2) We have deepened our understanding of the province's situation and accumulated many precious experiences. 3) Our province is endowed with abundant natural resources, has a rich industrial foundation, and is enjoying the best investment benefits in agricultural production. 4) Our province has successively completed the task of readjusting the leading bodies at all levels and has further upgraded the quality of cadres. They maintained that it is natural for us to encounter some difficulties and problems in improving the province's work to a new level and that this will urge us to boldly emancipate minds, to do away with the practice of sticking to old ways, and to foster the spirit of creating something new and aiming high. They pledged to actively engage in the work and to do their best in improving the province's work to a new level after returning to their units.

Sun Weiben, secretary of the provincial party committee, presided over the session on 21 December. Seated on the session's rostrum were deputy secretaries of the

provincial party committee, including Chen Yunlin and Zhou Wenhua; and members of the provincial party Standing Committee, including Wang Rensheng, Bai Jingfu, Ma Chunwa, and Qi Guiyuan.

The session discussed and approved the resolution adopted at the Eighth Plenary Session of the Fifth Heilongjiang Provincial CPC Committee on convening the sixth provincial CPC Congress in late May 1988.

During the session, Wang Haiyan, director of the Organizational Department under the provincial party committee, delivered a speech on several issues concerning reforms in the existing personnel system.

In concluding the session, Hou Jie, deputy secretary of the provincial party committee, delivered a summary report. [passage omitted]

### Northwest Region

#### Rally Held in Shaanxi To Commend Athletes

HK221431 Xian Shaanxi Provincial Service  
in Mandarin 0030 GMT 18 Dec 87

[Excerpts] On the evening of 17 December, the provincial government held a victory meeting in the provincial gymnasium to commend the province's outstanding athletes and coaches who have achieved good results in international sports competitions this year and in the Sixth National Games.

Leading comrades of the provincial party committee, provincial Advisory Commission, provincial People's Congress, provincial government, and provincial CPPCC Committee attended the meeting. [passage omitted]

At the meeting, Vice Governor Zhang Bin read an order issued by the provincial government on commending Li Chaoyang and other outstanding athletes and coaches. [passage omitted]

Then, Zhang Boxing, Hou Zongbin, Yan Kelun, Tan Weixu, (Zhang Shanghai), and (Sun Zuobin) stepped down from the rostrum to present souvenirs to the athletes and coaches. [passage omitted]

Acting Governor Hou Zongbin delivered a speech in the midst of warm applause. [passage omitted]

**KMT Said Planning 'Major Political Reform'**  
*HK230500 Hong Kong AFP in English 0452 GMT  
23 Dec 87*

[Text] Taipei, Dec 23 (AFP)—The ruling Kuomintang (KMT) plans to rejuvenate all three branches of parliament in a major political reform to ease demands for change from the opposition and liberal academics, the press reported Wednesday.

The mass-circulation UNITED DAILY NEWS said KMT leaders were discussing a proposal to encourage retirement by senior members of Congress, most of whom were elected in the mainland in 1947 for a life term, and increase the number of representatives from Taiwan.

The KMT fled to Taiwan after the Communists took power in Beijing in 1949.

Taiwan's Congress comprises the law-making Legislative Yuan, the National Assembly which amends the constitution and elects the country's president and vice-president, and the Control Yuan, Taiwan's highest watchdog body.

The nationalists, which claim sovereignty over China, have decided to scrap a suggestion to have new seats representing the mainland in future Congress elections, the paper said.

They also propose to abolish the supplementary system under which seats would be automatically filled by people elected on the mainland after senior National Assembly members die, it added.

The proposal would be part of a political reform package to be submitted to the KMT's 13th National Congress to be held in mid-1988, the paper said.

The reform plan was disclosed two days before a planned demonstration by the opposition Democratic Progressive Party (DPP) in downtown Taipei.

President Chiang Ching-kuo is scheduled to speak Friday to the 948-member National Assembly on the 40th Constitution Day.

Eighty-five percent of the 1,119 Congress members are serving life terms and most of them have failed to carry out their functions effectively because of old age, observers said.

This has triggered strong criticism not only from the opposition but also liberal scholars and outspoken KMT members.

The opposition has strongly demanded new Congressional elections, but KMT authorities fear such a move will insult the 77-year-old president who has launched a series of political reforms since mid-1986.

The ruling party has promised to "improve" the structure of Congress instead of holding new elections.

The KMT's chief negotiator with the DPP, Liang Su-jung, called on the opposition Wednesday to "follow political ethics and assume political responsibility" by keeping their promise of staging the demonstration at only one location and allow only DPP members.

Mr Liang has accused DPP leaders of distributing leaflets on the streets to invite the public to join demonstrations at three locations.

**PRC Defector Receives US\$2.87 Million**  
*HK220710 Hong Kong AFP in English  
0704 GMT 22 Dec 87*

[Text] Taipei, Dec 22 (AFP)—Former Chinese pilot Liu Zhiyuan was Tuesday awarded 2.87 million U.S. dollars worth of gold by Taiwan's military authorities for defecting from China, witnesses said.

Chief of Staff General Hau Pei-tsun commissioned Mr Liu as a major in the Nationalist Chinese Air Force and presented him with a medal for bravery in a ceremony attended by army chiefs, former defectors, and some 800 military officers, witnesses said.

The 28-year-old pilot also received a red envelope containing a certificate for 5,000 taels (6,650 ounces) of gold worth 2.87 million dollars, they said.

However, like all former defectors, he will not be permitted to fly again.

The former squadron leader of the 145th group of the Chinese air force's 49th division renounced his Communist Party membership and vowed to fight for the unification of all China in the 40-minute ceremony, witnesses reported.

Mr Liu landed his MiG-19 in a central Taiwan military airbase on November 19 during a reconnaissance mission from Lung Hsih airbase in China's southeastern Fujian Province.

At a press conference on arrival, Mr Liu said he did not defect for a reward "but to do my part to build a prosperous and unified China."

He added that backwardness and corruption on the mainland had led him to defect.

Mr. Liu's defection to Taiwan is the sixth such incident involving a Chinese air force pilot since the Communist victory in 1949.

Taiwan's Defense Ministry offers varying amounts of gold to Chinese pilots who defect to the island, depending on the type of planes they arrive in.



**Vice President on PRC's United Front Tactics**

*OW220417 Taipei CNA in English  
0235 GMT 22 Dec 87*

[Text] Taipei, Dec. 22 (CNA)—Vice President Li Teng-hui warned Monday that the Chinese communists have never given up their ambition to take Taiwan by force over the past 38 years.

"Right now, there is nothing more important than the safeguarding of national security," Li said. "The interests of any individuals or certain sectors will be made futile without holding on the goal."

The vice president was addressing a seminar on "The Chinese Communist Regime's United Front Tactics Against the Republic of China and the Nation's Ways To Counter Against Them." The seminar was sponsored by the Graduate School of East Asian Studies of National Chengchi University to celebrate its 20th founding anniversary.

The Chinese communists have never ceased staging their united front offensives, but because of the ROC [Republic of China] Government's firm policy of "no contact, no negotiation, and no compromise" with the Peiping regime, the Chinese communists were forced to prolong their dream of taking Taiwan to the infinite future, the vice president said.

On the government's policy of allowing people in Taiwan to visit their relatives on the mainland, Li said that the move was based on humanitarian grounds. Furthermore, the government also allowed the publishing of some mainland literary works and other academic publications here for the cause of freedom of speech, he added.

Following the government's recent moves, some people urged the government to further release its bans on investment and sightseeing tours on the Chinese mainland, Li noted.

To these proposals, the vice president specially cited President Chiang Ching-kuo's instruction at a Kuomintang's Central Standing Committee meeting last month to express his disapproval. President Chiang has made it very clear that the government's mainland policy has not changed at all despite its recent moves, Li said.

**Foreign Minister on Unchanged Ties With ROK**

*OW220437 Taipei CNA in English  
0245 GMT 22 Dec 87*

[Text] Taipei, Dec. 22 (CNA)—Foreign Minister Ding Mou-shih Monday testified that with the governments of Taipei and Seoul attaching much importance to Sino-Korean traditional friendship, and Republic of Korea authorities expressing their desire to retain close ties with the Republic of China [ROC], bilateral relations between the two countries would not be changed.

Ding, reporting the current status of the Republic of China's foreign relations to the Foreign Affairs Committee of the Legislative Yuan, indicated that although the present international situation is changing, both the ROC and the ROK are facing the threat posed by the communists. He went on to say that the two countries will continue strengthening mutual relations and fighting together against communist aggressions.

After learning of the allegation that the three Korean presidential candidates had claimed they would promote so-called "cross recognition" policy in order to establish diplomatic ties with the Peiping regime if they were elected, the ROC Foreign Affairs Ministry has instructed the ROC Ambassador to Seoul Tzou Chien to approach his Korean counterparts in order to receive a firsthand account regarding so-called "cross recognition" policy, Ding revealed.

The ROC Foreign Ministry on Dec 15 also requested the South Korean Ambassador to Taipei, Kim Sang-tae, to explain the ROK's current policies toward the ROC, the foreign minister said.

Both the South Korean Foreign Ministry and Ambassador Kim have claimed that the three presidential candidates' statements regarding the promotion of "cross recognition" were merely an election jargon used to earn more votes during campaign, Ding explained.

The ROC foreign minister quoted Korean officials as saying that if the current situation on the Korean peninsula is not changed in the future, South Korea will not establish diplomatic relations with Peiping.

## Hong Kong

**Banks Move To Safeguard U.S. Dollar Link**  
*HK200238 Hong Kong SOUTH CHINA SUNDAY  
MORNING POST in English 20 Dec 87 p 1*

[By Victoria McGlothren]

[Text] In a move to deter currency speculators and protect the link with the U.S. dollar, banks in Hong Kong yesterday took formal steps to allow them to levy a charge instead of paying interest on large deposits.

The Hong Kong Association of Banks, after consulting the Financial Secretary, Mr Piers Jacobs, adopted a new rule that will allow banks to impose negative interest rates.

At this stage, there is no indication of when negative rates might be applied but a banking official has said this can be done at very short notice.

The Association of Banks has, in effect, issued a warning to speculators who have been building up large deposits of Hong Kong dollars in the hope that a change in the link with the U.S. dollar will bring them wind-fall gains.

Negative interest rates have never been used in Hong Kong.

The method adopted by the banks yesterday is called the "specified rate rule" and will directly affect transactions between the six settlement banks and the clearing house.

Association of Banks chairman, Mr John MacKenzie, called the rule "a mechanism for collecting interest on excessive credit balances...in response to the continued speculation regarding the HK-U.S. dollar link rate."

Mr Jacobs said: "What is happening is that the mechanisms have been put in place through which we can effect negative interest rates. I hope it won't be necessary to use those mechanisms, but they are there now if we need them."

The specified rate, or charge is currently zero, meaning no charge has yet been levied.

Applicable to overnight credit balances, the specified rate would be charged on amounts moved through the territory's central clearing house by Hong Kong's six settlement banks.

Based on sums placed with them for clearing, the settlement banks would impose the charge on member banks who might be expected to pass it on to their customers.

The charge would be levied through one of two systems.

System A imposes charges that increase in direct relation to sums cleared. The specified rate would be charged on credit balances between \$10 million and \$25 million; four times the rate on sums over \$25 million up to \$100 million; eight times the rate on credit balances of more than \$100 million to \$200 million; and 16 times the specified rate on balances exceeding \$200 million.

Under system B, a flat rate would be charged on sums cleared exceeding \$25 million.

All funds collected under the new rule by the clearing house manager, the Hong Kong Bank, and settlement banks will be turned over to the Government by the Hong Kong Bank.

The rate, as well as the system through which it is implemented would be determined by the Committee of the Association of Banks in consultation with the Financial Secretary.

Mr MacKenzie said banks would be free to pass on a higher rate "should they feel this is warranted".

He added that any charges levied would also apply to banks holding Hong Kong dollars for speculative purposes.

Mr MacKenzie said he believed the rule would succeed in bringing to a halt speculative buying of the Hong Kong Dollar.

"There's a lot of hot money swilling around out there. We're got good investment money coming too, but we'd like to get rid of the speculation."

When asked about wide spread criticism that small depositors have been made to bear the brunt of local interest rates, currently below free-market levels, Mr MacKenzie said: "The application of this measure will be seen as stringent and unpopular in some quarters.

"However, the Association feels it has a duty to intervene if there is a threat of damage to genuine business activity on which the community relies for its livelihood."

"These speculators are a nuisance. These people who want to punt in the Hong Kong dollar are disturbing the community's genuine business activity on which the community relies for its livelihood."

"These speculators are a nuisance. These people who want to punt in the Hong Kong dollar are disturbing the community's genuine commercial activity. They would be well-advised to go to the race courses where the odds are very much better.

"The Government has said repeatedly it is not going to revalue the Hong Kong dollar. Now, there are some very strong and specific reasons for not revaluing the dollar."

Yesterday's move follows a week of rumours that something was afoot to put muscle behind Government threats to impose negative interest rates, or charges, on Hong Kong-dollar deposits.

A prolonged wave of speculative buying of the Hong Kong dollar has prompted three cuts in Hong Kong interest rates in a five-week period.

Mr Jacobs said yesterday that economic fundamentals indicated the current peg of \$7.80 to the U.S. unit is "correct".

"Our visible trade is virtually in balance. Our trade deficit with the United States has not been growing at a very fast rate. In fact, it's been growing at a rate that's very much lower than that of other (newly industrialised countries), and our imports from the United States have been growing.

Mr John Greenwood, chief economist at GT Management (Asia) Ltd, who devised the link system, pointed out that most local manufacturers would view hampered trade with the U.S. as the lesser of two evils.

**Finance Secretary Says Dollar Link 'Final'**  
*HK210841 Hong Kong SOUTH CHINA MORNING POST in English 21 Dec 87 pp 1, 2*

[Text] The Hong Kong dollar is not undervalued and its link to the U.S. dollar will stay and that is final, the Financial Secretary Mr Piers Jacobs said yesterday as the seven major monetary nations struggled at the weekend to find a way of deterring international currency speculators.

Mr Jacobs yesterday denied that the Hong Kong Government was under pressure to abandon or readjust the peg as local banks prepared to introduce negative interest rates in their bid to counter speculation.

"That is speculative pressure," Mr Jacobs said, dismissing an *ECONOMIST* editorial that the value of the Hong Kong unit did not reflect the buoyant local economy and was destined to be forced up by market forces.

He also scoffed at suggestions that the United States was pressing Hong Kong to readjust the link.

However, a month ago the U.S. Assistant Secretary for International Affairs, Mr David Mulford, had warned the territory along with the other newly industrialised countries (NICs)—Singapore, South Korea and Taiwan—against depressing their currencies.

The *ECONOMIST* forecast that the undervalued Hong Kong dollar could fan protectionist sentiments in the U.S. whose greenback has fallen to record lows against the Japanese yen and the German mark.

The Japanese KYODO NEWS SERVICE yesterday reported that seven major monetary countries were seeking to dampen speculative pressure on the U.S. dollar, which was trading at 126 yen, by drafting a joint statement.

Quoting unnamed Japanese Finance Ministry sources, Kyodo said a statement would be issued this week, depending on how the foreign exchange markets might react to details of U.S. Congress's budget deficit-cutting legislation, which has struck a snag over the allocation of funds to Contra rebels.

After five weeks of intense negotiations in the wake of the stock market crash in October, President Ronald Reagan and Congress agreed in principle to slash U.S.\$76 billion from the budget deficit over two years.

To achieve that goal, the U.S. would have to raise revenue and cut the expenditure of domestic and military programs.

Congress is now trying to put into actual law the agreement reached with Mr Reagan that was prompted by reports of unabated American trade and budget deficits.

The Group of Seven nations—the U.S. Japan, Britain, West Germany, France, Italy and Canada—had agreed in September 1985 to let the then overvalued dollar slump as a means to help the Americans pare their trade deficit.

The dollar was then trading at 242 yen and no one foresaw the spectacular plunge which escalated in October.

In February the greenback was trading at 153 yen and economists then claimed that was a realistic rate.

Compelled now by the continuous decline of the American dollar, the countries were yesterday preparing a confidence-boosting statement to stymie speculators and to stabilise the dollar.

Mr Jacobs, reiterating that Hong Kong was not under pressure from the U.S. said he had recently spoken to American monetary affairs sources while the *ECONOMIST* had not.

The *ECONOMIST* said: The HK\$7.80 link is doomed, because the markets will not indefinitely accept that the currency of one of the world's most successful economies should be dragged into the bog by one of today's most troubled.

"Before the markets force a change, Hong Kongers should accept that a stronger exchange rate would benefit them."



The British journal, suggesting that Hong Kong should readjust the peg to U.S.\$1 to HK\$7, said the record January to September U.S.\$29 billion trade surplus chalked up by the NICs could not be sustained indefinitely.

It said the undervalued dollar had induced Hong Kong money supply to grow by 50 percent over the past two years and that continued depression of the currency would perhaps lead to 9.5 percent inflation by the end of the year.

Americans would look for these four countries to re-value their currencies.

"To those Hong Kong businessmen who say that an up valuation would be bad, the answer is simple: American protectionism would be worse," it said.

Mr Jacobs said the enormous trade imbalance with the U.S. was less Hong Kong's fault than that of the three other NICs, echoing the theme of his sombre speech on December 16 when he predicted slower growths for the territory in 1988 caused partly by lower American demand for more expensive imports.

As speculation on the Hong Kong dollar rose, the Hong Kong Association of Banks, after consultations with Mr Jacobs, was prepared to introduce negative interest rates.

The unprecedented measure is meant to deter speculators. Under the so-called "specific rate rule", the six Hong Kong settlement banks may levy clearing charges against the lending houses.

This new usury levy would force the other banks to pass the cost to their customers who, simply put, would have to pay for hoarding large sums of Hong Kong dollars.

**Li Hou on PRC Stance on 1991 Direct Polls**  
*HK190717 Hong Kong SOUTH CHINA MORNING POST in English 19 Dec 87 pp 1, 2*

[From Chris Yeung in Guangzhou]

[Text] China has further softened its stand on direct elections, with a senior Chinese official saying that Beijing is not likely to raise any objection should the Hong Kong Government White Paper on political reform promise an element of direct polls to the Legislative Council in 1991.

The secretary-general of the Basic Law Drafting Committee, Mr Li Hou, said: "We've said time and again that we are not opposed to direct elections before 1997 provided that there was provision for them in the Basic Law."

It was the strongest indication yet that the way was now clear for Hong Kong to introduce direct elections as early as 1991.

Although China has no say over what goes into the White Paper, Mr Li said that Beijing would not object if direct elections were included in the document.

Mr Li made his comments before returning to Beijing after a day of sightseeing which marked the end of the sixth plenary meeting of the law drafters.

During the five-day meeting, drafters gave their approval for an element of at least 25 percent of direct elections to be included in the Basic Law draft which will shape the post-1997 constitution.

Hong Kong policy-makers, who are currently deciding what should go into the White Paper on political reform, have been waiting for such a signal before including a commitment to early direct elections in the document.

Before the drafting committee's session began, Governor Sir David Wilson said he would be watching to see if drafters agreed to direct elections after 1997.

China has repeatedly said it would not oppose direct elections before 1997, but is against any commitment to them before 1990 which would pre-empt the Basic Law, due out the same year.

Without such approval, any attempt by Hong Kong to introduce direct polls could result in China overturning them when it assumes sovereignty.

Mr Li said that China was convinced democracy, of which direct elections were a vital element, had to be developed before and after 1997.

Hong Kong people should decide on their own on the timing of when the legislature should be fully returned on the basis of "one man, one vote," he pointed out.

"It is a total misunderstanding that China is opposed to direct elections," he said.

On the formation of the first Special Administrative Region (SAR) government, Mr Li said that the selection of the first chief executive and the legislature through elections was not being ruled out.

This was despite indications at last week's meeting that drafters favoured a Beijing-influenced selection system for the first chief executive.

He said further discussion was needed, but stressed that the formation of the first SAR government had to be completed before the official handover date of July 1, 1997, to avoid chaos.

Mr Li said a proposal on the formation of a special Basic Law committee which will interpret and amend the Basic Law, will be submitted to the Standing Committee of the National People's Congress along with the finalised first draft of the future constitution in 1989.

Details of the formation of the special committee are unlikely to be made public because the advisory body falls under the NPC's jurisdiction.

Mr Li said China was fully aware of local concern over the committee and assured there would be full consultation before a proposal was finalised.

He also said that mainland China's population of one billion would be given an equal say with Hong Kong people during the five-month consultation period on the consultation period on the first Basic Law draft, which will be released next April.

However, he declined to comment on what would happen if Hong Kong views ran counter to those of mainlanders and Chinese leaders.

There has been no indication from China what weight local views will have in influencing the outcome of the Basic Law.

The consultation process is expected to be conducted through both the Basic Law bodies and the NEW CHINA NEWS AGENCY.

However, Mr Li said there was no method to seek the views of mainland Chinese.

"They will learn about the Basic Law from the press. Their comments will have to be considered as well. They may look into the Basic Law from their point of view, though they lack a full understanding on the conditions in Hong Kong."

Mr Li said he and his colleague, Mr Lu Ping, might visit Hong Kong before the end of the consultation period in October to canvass local views.

He said he hoped that any conflicting views would be resolved before the final draft was submitted to the NPC Standing Committee in 1989.

"It would be impossible for the Basic Law to be 100 percent accepted. The views are widely different on some issues. If the Basic Law can't score 100 marks, then 70 or 80 will do," Mr Li said.

**END OF**

**FICHE**

**DATE FILMED**

Jan 4, 1988



